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FETA AND CHABLIS – WHAT'S IN A NAME?

Systems of GI Protection Under The Aspect of Genericness

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I. Introduction

Geographical indications (GIs) have a long history and date back to antiquity. From ancient Greece we know of designations like 'Tangara pottery' or 'wine from Naxos'.¹ Examples in ancient Rome include 'Carrara Marble' or 'Parma Ham'.² Other geographical indications like 'Parmigiano' or 'Comté' date back to the 13th century.³

Geographical indications attach certain associations as to the particular characteristics of a product and thus guarantee provenance of a specific area and assure a certain quality of a product. An indication that refers to a territory may stand for a method of production, quality of ingredients in a product or special characteristics of products of that territory.⁴ For example, the particular taste of a cheese is mostly based on the plants of the area that the animals feed on. As a result, GI branded products may often be decisive for consumers to buy a particular product.⁵ For producers, GI products are of interest because such products may be able to unlock value by capitalising on consumers' desire for diversity, as well as regional typical and quality products. For example, French GI cheeses are sold at an average of 2 EUR per kilo more than French non-GI cheeses and French 'Poulet de Bresse' has a market price 4 times higher than regular French chicken'.⁶

In the last 35 years, geographical indications have gained significant commercial value.⁷ Due to a global market access for GI products, the estimated value for sales of GI products worldwide is over 50 billion USD.⁸ For example, Basmati rice exports in 2007 from

¹ CONRAD ALBRECHT, The Protection Of Geographical Indications In The TRIPS Agreement, in: Trademark Reporter, Vol. 86 [1996], p. 12 ss.

² Directorate General for Trade of the European Commission, Study on the protection of geographical indications, November 2009, p.58.

³ *Ibid.*

⁴ STOLL PETER-TOBIAS, BUSCHE JAN, AREND KATRIN, WTO - Trade Related Aspects of Intellectual Property rights, in: WOLFRUM RÜDIGER, STOLL PETER-TOBIAS [Ed.], Max Planck Commentaries on World Trade Law, Max Planck Institute for Comparative Public Law and International Law, 2009, p. 353 ss., (hereafter STOLL/BUSCHE/AREND)

⁵ *Ibid.*, p. 356.

⁶ http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc_113900.pdf

⁷ Three main factors have led to an increased flow of products and created a global market of once local or regional products: First, a significant drop of transport costs, second, the establishment of international trade agreements, such as the WTO itself, and third, an increasing demand of consumers in wealthy countries for GI marked products; see KAL RAUSTIALA / STEPHEN R. MUNZER, The Global Struggle over Geographical Indications, in: The European Journal of International Law, Vol. 18 no. 2 [2007], p. 347 s.

⁸ DANIELE GIOVANNUCCI / TIM JOSLING / WILLIAM KERR / BERNARD O'CONNOR / MAY T. YEUNG, Guide To Geographical Indications, Linking Products And Their Origins, ITC 2009, p. 9 (hereafter GIOVANNUCCI / JOSLING / KERR / O'CONNOR / YEUNG).

India alone were worth about 1.5 billion USD.⁹ The increasing value of geographical indications is accompanied by the fear of forgery or any other exploitation of the reputation in question. In agricultural products, particularly cheeses, meats and wines now increasingly compete globally with their foreign imitators and rivals.¹⁰

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) constitutes a landmark in international law with respect to the protection of geographical indications. TRIPS sets out a minimum-standard that each member state has to implement into national law. The approaches, however, that WTO members have chosen when implementing TRIPS vary considerably. Some countries have legislation specifically dealing with the protection of geographical indications (*sui generis* systems). Other countries use existing structures in place to protect GIs (e.g. trademark law).¹¹ Countries that have a long tradition of protecting geographical indications, particularly European countries, are eager to protect GIs, whereas other countries, for example the United States, are less keen to protect GIs.¹²

These differences are also reflected when it comes to the use of generic terms. GI producers selling products on international markets are often confronted with the fact that their GI is used as a name to refer to the kind of product in question. The European Union is rather dogmatic regarding a concept of genericness and reluctant to allow for a GI to become a generic term. In *Feta*, the European Court of Justice (ECJ) has decided that the term 'Feta' is not a generic term, prohibiting the use of the term 'Feta' in EU member states other than Greece – to the detriment of a European cheese industry that had been producing Feta for decades.¹³ The United States on the other hand allows the use geographical names like 'Parmesan', 'Champagne' or 'Chablis' because these terms are regarded as generic terms.¹⁴

However, the issue of whether a term has become a generic term has the potential to cause significant debates and disputes and it is likely that the Dispute Settlement Body will have to deal with an action of a WTO member. An example of such a debate in-

⁹ GIOVANNUCCI / JOSLING / KERR / O'CONNOR / YEUNG, *supra* [fn 8], p. 9; France's estimated market value for their GI products is approximately EUR 19 billion and Italy's 450 GIs generate a value of some EUR 12 billion. Countries like Scotland, Australia, China and Chile have GI exports in excess of US\$ 1 billion.

¹⁰ *Ibid*, p. 13.

¹¹ For example, the European Union has *sui generis* legislation, the United States protects GIs under trademark law.

¹² See below Chapters III and IV.

¹³ See Chapter III.

¹⁴ See Chapter IV.

cludes the use of semi-generic terms for wines in the United States like 'Burgundy' 'Champagne', 'Chianti' or 'Chablis'.¹⁵

This paper will first analyse the relevant TRIPS provisions regarding the protection of GIs and a concept of generic terms under TRIPS. Second, different regional and national systems on the protection of GIs and the respective concepts of genericness will be analysed. The intention is to determine the criteria of when a term is considered generic. Once these criteria are established they could prove useful if considered in a dispute before a WTO Panel. Finally, this paper shall briefly look into alternatives how future disputes on genericness could be avoided under the auspices of the WTO.

II. GI Protection And Generic Terms Under TRIPS

1 System of Protection

Attempts to establish an international regime and harmonize national legislation on the protection of geographical indications by means of international treaties date back to the 19th century.¹⁶ Worth mentioning is the *Lisbon Agreement* of 1958 which contains provisions on an effective and enforceable protection of geographical indications.¹⁷ In a nutshell, the agreement provides that a GI can be registered at the International Bureau of Intellectual Property, an agency of the World Intellectual Property Organisation (WIPO), and that Member States recognise and protect registered GIs of other Member States.¹⁸ Once a GI is registered at WIPO it cannot become a generic term. However, on

¹⁵ See below Chapter IV.

¹⁶ *Paris Convention* of 1883, *Madrid Agreement* for the Repression of False or Deceptive Indications of Source on Goods of 1891; Both agreements mainly deal with border protection of member states against false or deceptive indications and offer little protection for GIs; further the problem is that the treaties do not provide an enforcement system and GI protection remains on the good-will of each member state. Also, the issue of generic terms is only marginally dealt with in the Madrid Agreement - the question of genericness is reserved for the courts of the country where protection is sought; other attempts for GI protection include the International Convention on the Use of Designations of Origin and Names for Cheeses signed at Stresa on 1 June 1951, which is of very little practical relevance today. Further attempts to harmonize the protection of GIs include the WIPO Model Law on Geographical Indications and the WIPO draft Treaty on Geographical Indications.

¹⁷ *Lisbon Agreement* for the Protection of Appellations of Origin And Their International Registration of 1958.

¹⁸ See Article 1.2. Further, the member states have to ensure that any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as 'kind', 'type', 'make', 'imitation' or the like.

a global scale, the Lisbon Agreement is of little significance, it only has 20 signatory states, a big absentee being the United States.¹⁹

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is a major breakthrough regarding the protection of geographical indications. Any country accessing the WTO must accept and implement the obligations under TRIPS into national law. The TRIPS section regarding GIs was one of the most difficult sections to negotiate.²⁰ Contrary to other sections in TRIPS there was not a North-South gap in interests (developed versus developing countries), but rather European interests against those of other developed countries, particularly North America and Australia.²¹ The first US proposal on a multilateral agreement did not provide for geographical indications at all while subsequent proposals contained only very limited protection on GIs.²² This was a mere compromise to meet European demands. The protection of geographical indications was brought into the TRIPS negotiations by European countries which had already a system for the protection of geographical indications in place.²³ European countries had faced situations where protected European GIs had become generic terms in New World countries like the United States or Australia, particularly with regards to wine. Countries like the United States or Australia on the other hand had a strong interest in the protection of patents and trademarks and were less enthusiastic about GI protection.²⁴

Article 22 TRIPS provides a legally binding definition of a GI and sets out the general standards of protection that must be available for all geographical indications:

1. Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.
2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

¹⁹ See CONRAD, *supra* [fn 1]; the US particularly objected the agreement because it did not want US courts to be bound by the decisions of a foreign jurisdiction. Also, another reasons why only very few states have acceded the Lisbon Agreement may be that the agreement does not provide rules for exceptions, i.e. for terms that have already become generic in a Member State

²⁰ STOLL/BUSCHE/AREND, *supra* [fn 4], p. 477.

²¹ *Ibid.*

²² MTN.GNG/NG11/W/14 and MTN.GNG/NG11/W/14/Rev.1; MTN.GNG/NG11/W/26.

²³ DANIEL J. GERVAIS, *The TRIPS Agreement: Drafting History and Analysis*, Third Edition, London 2008, p. 293, (hereafter GERVAIS, TRIPS Agreement).

²⁴ *Ibid.*

- (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
 - (b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).
3. A Member shall, *ex officio* if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.
4. The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.”

TRIPS is the first multilateral agreement referring to the term ‘geographical indications’.²⁵ The essence of a geographical indication is the concept of origin. Geographical indications identify the source of a product but in comparison with trademarks differ to the extent that the source is not a specific producer (company) but rather producers originating in the territory or a region of a WTO member. GIs serve to distinguish products with regards to their geographical origin, the place of production or manufacture of the goods.²⁶ Geographical indications appear in different verbal forms like adjectives preceding the products name (e.g. Swiss Watch, Florida Oranges) or follow it by using a preposition (e.g. Eau de Cologne). Some GIs have developed into independent terms (e.g. Champagne, Burgundy) and sometimes even alter the original name of the geographical area to some extent (e.g. Koelsch beer).²⁷

TRIPS only provides a minimum standard of GI protection that Member States have to afford in their national legislation and uses a general concept of ‘geographical origin’. This means that WTO members are free to implement more detailed provisions in their

²⁵ GERVAIS, TRIPS Agreement, *supra* [fn 25], p. 293.

²⁶ GERVAIS DANIEL J., Intellectual Property, Trade And Development, Strategies to Optimize Economic Development in a TRIPS-Plus Era, Oxford 2007, p. 541.

²⁷ See STOLL/BUSCHE/AREND, *supra* [fn 4], p. 434.

national law, for example requirements which include natural and human factors, furthermore to the TRIPS requirement of originating from a special area.²⁸

Article 22 (3) TRIPS extends the protection of geographical indications to the field of trademarks and member states must refuse or invalidate the registration of a trademark which contains or consists of a GI. The test in such cases is whether the public could be misled. Article 22 (4) applies directly to cases where regions or places of different countries have similar or identical names.²⁹ By using a GI for the “second” place the test under Article 22(4) is whether the public would believe that the good originated in another country than the real country of origin. In Switzerland, for example, there is a village called ‘Champagne’ which used to produce white wine using the term ‘Champagne’ on its label and used to produce pastries called ‘flute de Champagne’ – very much to the annoyance of the Champagne industry in France.³⁰ Although the dispute was resolved by bilateral agreement between the EU and Switzerland³¹, such cases would be in the scope of Article 22 (4) and 23 (3) TRIPS or the respective provisions in national law.

Article 23 TRIPS provides additional protection for wines and spirits, exceeding the level of protection provided under Article 22.³² The protection under Article 23 provides for absolute protection against false use:

“1. Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.”³³

2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits

²⁸ GERVAIS, TRIPS Agreement, *supra* [fn 23], p. 294.

²⁹ E.g. York – New York, Paris (France) – Paris (Texas).

³⁰ See <http://www.nytimes.com/2008/04/27/world/europe/27iht-champagne.4.12377766.html?pagewanted=all>; <http://news.bbc.co.uk/2/hi/europe/7332473.stm>, last visited 28th January 2012.

³¹ http://www.parlament.ch/d/suche/seiten/geschaeft.aspx?gesch_id=20083397, last visited 9th February 2012.

³² There is no definition of wines and spirits in the TRIPS agreement, certain authors suggest to use the definitions according to the Harmonized System of the World Customs Organization, see GERVAIS, The TRIPS Agreement, p. 305, fn 416.

³³ Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.

shall be refused or invalidated, *ex officio* if a Member's legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.

3. In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.

4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system."

Article 23 establishes an obligation for comprehensive protection of wines and spirits. Contrary to Article 22, the protection of Article 23(1) applies even if the indication would not be misleading or unfair. Further, expressions such as 'kind', 'type', 'style', 'imitation' are not allowed, which under Article 22 would be allowed.

According Article 23 (2) member states must refuse or invalidate the registration of a trademark which consists of a GI and does not have the respective origin. Contrary to Article 22 (3) there is no test as to whether the public could be misled.³⁴ Article 23 (3) provides for homonymous indications for wines and spirits, whose use is not misleading under Article 22 (4). Again the test being that the goods in question are falsely represented to the public to be from another territory. A red wine called 'Rioja' for example is produced both in Spain and Argentina. In such cases both indications may be protected according to Article 23 (3).³⁵

2 Genericness Under TRIPS

Restrictions to the protection under Article 22 and Article 23 may only be justified under Article 24 TRIPS. Article 24 provides a set of rules on exceptions according to which a GI need not be protected. Article 24 (6) TRIPS in particular provides that a GI need not be protected if a GI has become a 'generic' term:

³⁴ Except that misleading the public as to the true place of origin does not have to be shown; also see *supra* [fn 25], p. 324.

³⁵ However, the EU would like to recuperate the term 'Rioja', see below Chapter VI.

“6. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.”

Article 24 (6) serves for the purpose to protect the general interests of the Member State in which protection is sought by establishing a right to the continued use of a term once it has become ‘generic’.³⁶ Generic terms are not considered to be distinctive. In other words, such terms are not understood to distinguish goods from different sources or to indicate a specific origin of goods.³⁷ A term may be considered generic because it is descriptive of the kind of goods to which it is applied, or because it has lost its originally distinctive character over time.

Article 24 (6) does not use the word ‘generic’. Instead it uses the phrase ‘the term customary in common language as the common name’. The term ‘generic’ was proposed for use in parts during the negotiation phase of TRIPS (or ‘non-generic’ as proposed by the US).³⁸ However, the term ‘generic’ was rejected in the final version of Article 24 in favour of the present wording. An explanation why the term ‘generic’ was rejected in Article 24 may be that ‘generic’ may be seen to apply to the broad class of a product, while geographical indications may typically apply to a specialized product.³⁹ However, for the purpose of this paper, the term ‘generic’ in the context of GIs is used to refer to the exception under Article 24 (6), a term customary in common language as the common name of a product.

Article 24 (6) sentence 1 applies to all designations. As a general principle, Member States are allowed to continue the use of a GI of any other Member State if the relevant indication is generic term in the territory of that Member. Article 24 (6) sentence 1 might reflect the conflict existing between supporters and opponents of strong protection for GIs, which is particularly reflected in their proposals made in the negotiations

³⁶ *Supra* [fn 21], p. 428.

³⁷ *Ibid*, p.428.

³⁸ For example EU, Switzerland and US, MTN.GNG/NG11/W/68 (EU), Art. 21.1; MTN.GNG/NG11/W/73 (Switzerland).

³⁹ See also UNCTAD-ICTSD, p. 305.

for the TRIPS agreement.⁴⁰ During the negotiations of the TRIPS agreement, the intention of the Member states bringing up the issue of GIs was to prevent any future shifts of GIs into generic terms, and particularly, to overcome the “sins of the past” by re-localising certain geographical indications such as ‘Champagne’, ‘Chablis’ or ‘Burgundy’, which are regarded as generic or semi-generic in other countries like the United States.⁴¹ On the other hand, the opponents aimed at safeguarding for their national companies the continued use of such designations, at least in their own country.⁴²

Further, the assumption under Article 24.6 sentence 1, pursuant to which a geographical indication has become a generic term, not only refers to past developments but also applies to the future.⁴³ From the wording of sentence 1 of Article 24 (6) it seems, that in cases concerned under sentence 1, evidence from experts might have to be rendered to determine whether the term is used in the common language (in contrast to specialists’ jargon) and then whether it is the common (i.e. habitual or usual) name for the product in question.⁴⁴

Article 24 (6) second sentence provides a specific application of the general principle with respect to grape varieties. According to sentence 2 a GI with respect to products of the vine need not be protected if it is ‘identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement’. The wording is slightly different with regards to the terminology compared to sentence 1 of Article 24.6 TRIPS. The second sentence deals only with a term that is a customary name in the language of a Member State. As a result in the case of products of the vine (which may include certain grape based spirits, such as Cognac), showing that it is used ‘customarily’ is sufficient.⁴⁵ Also, sentence 2 has a retrospective effect, it only applies to varieties whose name is identical with the name of an indication and was in use in a Member at the time of entry into force of the Agreement.

3 Potential Disputes Arising Under Article 24.6 TRIPS

Under TRIPS, geographical indications are territorial in nature: GIs are established and protected according to the laws that apply in the territory of WTO members in which

⁴⁰ MTN.GNG/NG11/W/68 (EU), Art. 21.1; MTN.GNG/NG11/W/73 (Switzerland), Art. 221.2; MTN.GNG/NG11/21, para. 12.

⁴¹ STOLL/BUSCHE/AREND, *supra* [fn 21], p. 428.

⁴² *Ibid.*

⁴³ See STOLL/BUSCHE/AREND, *supra* [fn 21], p. 428.

⁴⁴ STOLL/BUSCHE/AREND, *supra* [fn 21], p. 470.

⁴⁵ GERVAIS, The TRIPS Agreement, p. 317.

protection is sought.⁴⁶ Consequently, the question whether a name has become generic is in the hands of the courts of that particular country. Under the current WTO legislation it is therefore possible that in one member state a term is generic (Article 24.6 exception) and in another WTO member state the term may be a protected GI. The point of time when a geographical indication becomes a generic term may occur in different countries at different times.

The provisions on the protection of geographical indications as set out in Article 22 to Article 24, like all TRIPS obligations, are subject to the principles of national treatment (Article 3 TRIPS) and most-favoured nation (MFN) treatment (Article 4 TRIPS), as well as the dispute resolution mechanism of the WTO (Article 64 TRIPS).

To date, there have only been two (joined) cases under the dispute settlement system regarding the protection of geographical indications.⁴⁷ In *EC — Protection of Trademarks and Geographical Indications*, both complainants, Australia and the US, contended that EU law dealing with geographical indications did not provide sufficient protection to pre-existing trademarks that are identical or similar to a GI.⁴⁸ The Panel held that Europe's GI law does not provide national treatment to other WTO Members' right holders and products.⁴⁹ First, the registration of a GI from a country outside of the EU is dependent upon the government of that country adopting a system of GI protection equivalent to the EU system and offering reciprocal protection to GIs from Europe. Second, the EU Regulation's procedures require applications and objections from other WTO Members to be examined and transmitted by the governments of those Members, and require those governments to operate systems of product inspection like EC member States.⁵⁰ Therefore, foreign nationals do not have guaranteed access to the EC's system for their GIs, unlike EC nationals.⁵¹ As a consequence, the regulation was found to be inconsistent with WTO law.

The Panel Report does not raise the issue of genericness. However, given the stakes at interest like agricultural policies and the commercial value of a geographical indication it

⁴⁶ WIPO SCT/9/5, 1 October 2002, p.2.

⁴⁷ *EC — Protection of Trademarks and Geographical Indications* WT DS 290 and DS 174, Panel Report of 15th March 2005.

⁴⁸ Council Regulation (EC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs; *supra* [fn 47], at par. 7.21.

⁴⁹ *Supra* [fn 47], at par. 8.

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

is very well possible that a dispute whether a GI has become a generic term may arise between two WTO members. For example, a given geographical name associated with a product may be protected as a geographical indication in one (or more) countries, but the same geographically significant term may be considered in a third country as a generic expression for that product.⁵²

The following scenario is possible: Producers in country A produce a cheese called 'Gruyère' which in that country is a protected GI. In country B to the contrary, 'Gruyère' is widely used to refer to a certain kind of cheese. When the producers of country A would like to register 'Gruyère' in country B a protected GI as provided by Article 22 TRIPS, country B refuses protection on the grounds that 'Gruyère' has become a generic term in the territory of country B. Country A would then challenge country B's decision by claiming that it was in violation of its obligations according to Article 22 TRIPS and that a genericness defence under Article 24 TRIPS is incorrect and in violation of Article 24 (6) TRIPS. According to the DSU, a panel would then decide on the dispute and would have to decide whether the geographically significant term in question (e.g. 'Gruyère') has become a generic term in country B.

In the absence of WTO case law on the subject matter it is useful to look into national and regional concepts on the protection of geographical indications and how different countries deal with the issue of genericness.

III. European Union

1 GI Protection Under Community Law: Sui Generis Legislation

Foodstuffs and beverages have been traded under geographical names for the past two millennia in Europe.⁵³ At the beginning of the 19th century, some European countries started to introduce *sui generis* legal protection for geographical names referring to goods that had a reputation of excellence and had become popular with consumers.⁵⁴ The aim of such protection was to prevent the abuse of a geographical name. France, for example, introduced the system of 'Appellation d'Origine Contrôlée' (AOC), a 'controlled

⁵² Or as having acquired a secondary meaning under that country's trademark law – and being registered as a trademark law.

⁵³ Directorate General for Trade of the European Commission, Study on the protection of geographical indications, November 2009, p.15.

⁵⁴ 'Sui generis' (latin 'on its own') means legislation providing protection specifically for geographical indications; also see JULIEN BÉNÉTEAU, Un créneau haut de gamme: L'idée d'une AOC pour l'eau-de-vie de mirabelle aura mis du temps à aboutir, Le Quotidien, 20th December 2011.

designation of origin', according to which certain goods like dairy products, wine and other agricultural goods are granted certification.⁵⁵

With its political growth over the years, the European Union (EU) has adopted a comprehensive legal framework for the protection of intellectual property rights on a community level.⁵⁶ Regarding the protection of geographical indications, the EU has set up a sui generis system for the protection of GIs in the 27 Member States that includes wines, spirits, agricultural products and foodstuffs.⁵⁷

Regulation 510/2006 establishes a Community regime for protecting geographical indications and designations of origin for agricultural products and foodstuffs.⁵⁸ It repeals and replaces Regulation 2081/92⁵⁹ which the WTO Dispute Resolution Panel found to be inconsistent with GATT.⁶⁰ Regulation 510/2006 covers the types of agricultural products and foodstuffs listed in Annexes to the Regulation. Almost any foodstuff or agricultural product can be protected, including meat, dairy products, fruits and vegetables, beer, bread, pasta, hay, essential oils and wool.⁶¹

The Regulation provides protection for geographical indications by means of a centralised registration system that is managed by the Commission.⁶² Applications for the protection of a GI must be addressed to the authorities of the member state if the GI relates to an area in a given Member State.⁶³ If the application relates to an area outside the EU, it can be made directly to the Commission or through the authorities of that third country. Only a 'group' is entitled to apply for the registration of a GI. A 'group' means any association of producers or processors, irrespective of its legal form, working with

⁵⁵ See <http://www.inalco.gouv.fr>, last visited 29th January 2012.

⁵⁶ Before, the EU regulations in the field of wines and spirits, e.g. EC Regulation 823/87, dated March 16, 1987.

⁵⁷ In the EU, there is no harmonised approach for the protection of non-agricultural GI products. The legal frameworks used in the Member States for their protection differ quite significantly. However, most non-agricultural GI products are protected under a trademark. See *Study on the protection of geographical indications for products other than wines, spirits, agricultural products or foodstuffs*, http://trade.ec.europa.eu/doclib/docs/2009/december/tradoc_145630.pdf.

⁵⁸ Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

⁵⁹ Council Regulation (EC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

⁶⁰ Supra [fn 47], *EC – Trademarks and Geographical Indications*, WT/DS 174/290, Panel Report of 15th March 2005.

⁶¹ Annex I and Annex II, EC Regulation 510/2006.

⁶² COOK, p. 429.

⁶³ Article 5.4 EC Regulation 510/2006.

the same agricultural product or foodstuff to be registered.⁶⁴ An application can be challenged by 'any natural or legal person having a legitimate interest' with a duly substantiated statement.⁶⁵ This is particularly important if an interested party wants to claim that a geographical name has become a generic term in EU member states.

The Regulation provides for the registration of 'Protected Designations of Origin' (PDO) and 'Protected Geographical Indications' (PGI).⁶⁶ The main difference between these two categories of geographical indications is the connection between the product and the geographical area. There are stricter conditions that apply for a product to be registered as a PDO than for a product to be registered as a PGI.

A Protected Designation of Origin is defined as the name of a region, a place or a country, used to describe an agricultural product or a foodstuff⁶⁷

- (i) originating in that specific area,
- (ii) the characteristics of which are *due to a particular geographical environment* with its inherent natural and human factors
- (iii) the production, processing and preparation of the product *take place in the defined geographical area*.

The three conditions described are cumulative, meaning that all three of the above-mentioned criteria have to be met. Also included in the concept of a PDO are indirect designations of origin. Such indications are traditional designations that fulfil the conditions of a PDO without using a geographical name, for example 'Feta' or 'Basmati'.⁶⁸

A Protected Geographical Indication means the name of a region, a place or a country used to describe an agricultural product or a foodstuff⁶⁹

- (i) originating in that specific geographical area,
- (ii) which possesses a specific quality, reputation or other characteristics attributable to that geographical origin, and
- (iii) the production *and/or* processing *and/or* preparation of which take place in the defined geographical area.

⁶⁴ Article 5.1 EC Regulation 510/2006.

⁶⁵ Article 7.2 EC Regulation 510/2006.

⁶⁶ Both terms are regarded as a geographical indications in the sense of Article 22 TRIPS.

⁶⁷ See Article 2.1 (a) EC Regulation 510/2006.

⁶⁸ Article 2.2 Regulation 510/2006; also see O'CONNOR, p. 97.

⁶⁹ See Article 2.1 (b) EC Regulation 510/2006.

All three criteria have to be met but with regards to production, processing or preparation, only one of these steps has to take place in the defined geographical area. Also, traditional non-geographical names may be registered as a PGI.⁷⁰

Once a PDO or PGI is registered, protection gives the right-holders the exclusive right to use the geographical name for the products that comply with the specification. PDOs or PGIs are protected absolutely - they are protected against any misuse or imitation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method' or 'imitation'.⁷¹ Further and most significantly, a registered GI may not become generic.⁷²

The protection of geographical indications for wines is governed by Regulation No. 479/2008 on the common organisation of the market in wine.⁷³ The concept of protection for wine is very similar to the concept provided for foodstuff and agricultural products. The Regulation also provides for 'designations of origin' and 'geographical indications'.⁷⁴

2 Generic Terms

2.1 EU-Legislation

Once a name is registered and protected, it may not become generic.⁷⁵ Before registration however, it is possible that a term has become a generic term and therefore cannot be registered as a GI. Both of the above-mentioned regulations dealing with foodstuffs and wine provide rules regarding generic terms:⁷⁶

Article 3 (Regulation 510/2006)

Generic nature, conflicts with names of plant varieties, animal breeds, homonyms and trademarks

1. Names that have become generic may not be registered.

⁷⁰ Article 2.2 Regulation 510/2006.

⁷¹ Article 13 EC Regulation 510/2006

⁷² Article 13.2 EC Regulation 510/2006.

⁷³ Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending and repealing a number of other EC Regulations.

⁷⁴ Article 34 EC Regulation 479/2008; For spirits and certain alcohol-based drinks other than wine or beer the protection of geographical indications is provided by Regulation No 110/2008 on the definition, description and presentation of spirit drinks. Spirits that bear a geographical indication are registered in Annex III of the Regulation 110/2008.

⁷⁵ Article 13.2 Regulation 510/2006.

⁷⁶ Article 3 of Regulation 510/2006 is identical with Article 3 of its predecessor of Regulation 2081/92

For the purposes of this Regulation, a 'name that has become generic' means the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff in the Community.

To establish whether or not a name has become generic, account shall be taken of all factors, in particular:

- (a) the existing situation in the Member States and in areas of consumption;
- (b) the relevant national or Community laws.

2. A name may not be registered as a designation of origin or a geographical indication where it conflicts with the name of a plant variety or an animal breed and as a result is likely to mislead the consumer as to the true origin of the product.

3. [...]

Article 43 (Regulation 478/2008)

1. Names that have become generic shall not be protected as a designation of origin or geographical indication.

For the purposes of this Chapter, a 'name that has become generic' means the name of a wine which, although it relates to the place or the region where this product was originally produced or marketed, has become the common name of a wine in the Community.

To establish whether or not a name has become generic, account shall be taken of all relevant factors, in particular:

- (a) the existing situation in the Community, notably in areas of consumption;
- (b) the relevant national or Community legal provisions.

2. [...]

Both Regulations prohibit the registration of geographical indications that have become a generic term. 'Genericness' is defined very similar as in the TRIPS Agreement, i.e. when a GI has become the common name of a product in the Community. Included in the test to establish that a GI has become a generic are the relevant national or Community laws and the situation in the Member States and in the areas of consumption. This includes the existing situation in the Member State in which the name originates and the existing situation in the other Member State that might claim that the name for a product has

become a generic term. Further, the situation in areas of consumption has to be taken into account as well.⁷⁷

2.2 Case Law

The European Court of Justice (ECJ) has dealt with the question of genericness in cases concerned with the derogatory power of Community law including Community health and competition policy.⁷⁸ However, in none of these cases has the ECJ established a test to determine if a term has become a generic terms

The question of what is a generic name has been clarified in the Feta Cases.⁷⁹ The ECJ had to decide whether 'Feta' should be treated as a PDO and may be registered as such or if registration should be refused because the term 'Feta' had become generic. Until the final ECJ decision in 2005, the Feta dispute had been going on for almost 20 years. Ultimately, the ECJ upheld the Commission's decision that the term 'Feta' had not become a generic term for a type of white cheese in brine in other Member States but instead was a cheese with specific Greek origin.⁸⁰ Economically and financially, the impact of the ECJ decision is significant, as a substantial amount of 'Feta' was produced outside of Greece for several decades, for example in Denmark, the UK or Germany. Companies affected by the judgement selling Feta outside of Greece had to rename their 'Feta' products, sales dropped and marketing the new product cost millions of Euros.

Feta production has a long tradition in Greece. The term was derived from the Italian word 'fetta' (slice), which entered the Greek language in the seventeenth century and describes the traditional white cheese in brine, made from sheep's milk or a mixture of sheep's and goat's milk by the traditional method of natural straining of the milk, with-

⁷⁷ See ECJ *Epoisses* C 129/97.

⁷⁸ For example in *Commission v Italian Republic* (C-193/80) [1981] ECR 3019, the ECJ held that Italy's restriction of the generic term 'vinegar' to wine vinegar was not justifiable on grounds of the protection of health, consumers or fair trading; in *Commission v Germany* (C-178/84) [1987] ECR 127, Germany's restriction on the generic term 'beer' under the relevant rules (Biersteuergesetz) was found not to be justified on similar grounds; in *Ministere Public v Gerard Deserbais* (C-286/86) [1988] ECR 4907, France's national law which restricted the generic cheese name 'Edam' to cheese with a minimum fat content of 40% could not be justified on grounds of consumer protection and fair trading.

⁷⁹ ECJ C-289/96, C-293/96, C-299/96, Judgement of 16 March 1999, *Denmark v. Commission (Feta I)*; ECJ C-465/02 and C-466/02, Judgement of 25 October 2005, *Germany and Denmark v. Commission (Feta II)*.

⁸⁰ *Ibid.*

out applying pressure.⁸¹ Other cheese makers in Europe also began to produce Feta from the 1960s, particularly Denmark, Germany, the Netherlands and France.⁸² The Feta cheese produced outside of Greece was typically produced by large industrial cheese producers made from cow's milk and by an industrial filtration process, which is cheaper than the traditional method of straining.⁸³ The result is a product which is cheaper and dissimilar to Greek Feta in taste and in quality – but still bears the name 'Feta'.

Greece established mandatory product specifications in 1988 and Feta became a protected designation of origin under Greek law in 1994.⁸⁴ An application under EC Regulation 2081/92 was filed and 'Feta' (Feta) was subsequently registered as a PDO by the Commission.⁸⁵ The registration was challenged by Denmark, Germany and France in the year 1996 because each country had a significant domestic Feta production. They brought an action for that registration to be annulled before the ECJ. Generic use was the main ground for challenging the registration of 'Feta' as a PDO (*Feta I*).⁸⁶

The opponents who challenged the registration of 'Feta' as a PDO brought up two main arguments: First, that 'Feta' does not satisfy the definition of a PDO.⁸⁷ Second, they claimed that 'Feta' is a generic term and the Commission had not adequately considered the evidence.⁸⁸ The opponents argued that Greece not only tolerated a European 'generic market' but also allowed imports of products bearing the name 'Feta' until the year 1987 when it introduced a new regulation.⁸⁹ Further, they claimed that in an effort by the Commission to create an indicative list of generic terms according to Article 3 (3) of Regulation 2081/92, Feta had been suggested to figure on the list. As a matter of fact,

⁸¹ ECJ C-465/02 und C-466/02, par. 46.

⁸² *Ibid*, at par. 47

⁸³ DEV GANGJEE, Say cheese!: A Sharper Image of Generic Use Through The Lens of Feta, in: *European Intellectual Property Review*, 29 (5) [2007], p. 173, fn. 22, (hereafter GANGJEE).

⁸⁴ ECJ C-465/02 und C-466/02, par. 46.

⁸⁵ Commission Regulation (EC) No 1107/96

⁸⁶ C-289/96, C-293/96 and C-299/96, *Kingdom of Denmark, Federal Republic of Germany, French Republic v Commission of the European Communities*, (hereafter *Feta I*). Other claims included the challenge of the national Greek rules allegedly having an anti-competitive restriction contrary to Articles 30 and 36 of the EC-Treaty by preventing the importation and marketing of cheese otherwise lawfully produced and marketed in Denmark. According to Greek law Danish feta had to be re-labelled and sold as "white cheese in brine made in Denmark from pasteurized cow's milk".

⁸⁷ *Feta I*, *supra* [fn 86], par. 49; the first issue is not relevant to the issue of genericness and will not be considered here.

⁸⁸ *Feta I*, *supra* [fn 86], par. 50.

⁸⁹ *Ibid*, par. 86

'Feta' as a generic term had been suggested by eight Member States according to a Eurobarometer consumer survey.⁹⁰

The Commission, however, preferred to have its own survey focusing on Feta consumption.⁹¹ According to the Commission's survey, Greek consumed the most Feta, approximately 10 kg per person a year compared to 0.1 kg per person a year among other Member States.⁹² Accordingly consumer opinion in Greece carried most weight – and in Greece 'Feta' is not considered a generic term. As a result, the Commission registered Feta as a PDO.

The ECJ found the Commission's assumptions objectionable that the primary importance was given to the situation in the state of origin and the fact that in other members 'Feta' had been used for marketing or in the lawful production of cheese was dismissed as irrelevant.⁹³ Consequently, the Court considered that the Commission 'did not take due account of all the factors which the Regulation required it to take into consideration', emphasising in particular that the Commission had paid insufficient attention to the actual situation in other Member States.⁹⁴ Also, the ECJ held that Article 3(1) does not indicate any hierarchy between the factors to be considered if a term has become generic.⁹⁵ The ECJ partly annulled the Commission's decision in so far as it registered the name 'Feta' as a PDO.⁹⁶

Feta I resulted in the deregistration of 'Feta' as a PDO. However, the ECJ decision also implied the fact that the Commission had the discretion to come to its own conclusion once all evidence has been considered. Consequently, the Commission made another survey and sent out questionnaires on the production and consumption of cheese known by the name of 'Feta' as well as collecting evidence of consumer perceptions of the term.⁹⁷

⁹⁰ *Ibid.* par. 37ss.

⁹¹ *Ibid.* par. 64.

⁹² *Ibid.* par. 65.

⁹³ *Ibid.* par. 96.

⁹⁴ *Ibid.* par. 97.

⁹⁵ *Ibid.* par. 98.

⁹⁶ Regulation (EC) No 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC)

⁹⁷ *Ibid.*

The Commission considered four categories of evidence.⁹⁸ First, legislation regulating the production of Feta in the Community and statistics relating to its manufacture. Second, legislation as well as statistics regarding consumption of Feta. Third, consumer understanding of the term 'Feta' both from representations made on labels as well as dictionary and reference work entries. Fourth, the advisory opinion of the Scientific Committee regarding the use of the term 'Feta'.⁹⁹

In general, the Commission may request the independent advice of the Scientific Committee which is not binding.¹⁰⁰ The opinion of the Scientific Committee, however, carries some weight because it is made up of experts with legal or agricultural backgrounds.¹⁰¹ The Commission relied to a large extent on the data collected by the Scientific Committee when it considered the generic nature of Feta, particularly with regards to criteria regarding fair competition in commercial transactions as well as the danger of misleading consumers in cases of conflict between GIs and trademarks. Such evidence considered by the Scientific Committee included statistical data, opinion polls and consumer surveys.

The Commission came to the conclusion that the term 'Feta' had not become a generic name and re-registered Feta as a PDO.¹⁰² Again, the registration was challenged by Denmark and Germany, supported by the UK and France. The Commission was supported by Greece.

In *Feta II* Germany and Denmark claimed that 'Feta' had no geographical meaning anymore and even if it did, it had become a generic term - a common name for white cheese in brine.¹⁰³

The ECJ again scrutinised the Commission's decision looking into the existing situation in the home country and in areas of consumption, other Member States and the relevant national or Community laws. By looking into the home country market the ECJ considered the fact that Greece allowed imports of cow's milk feta until 1987 as follows:

⁹⁸ Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name 'Feta'; also see GANGJEE, *supra* [83], p. 176.

⁹⁹ *Ibid.*

¹⁰⁰ Commission Decision 93/53/EEC.

¹⁰¹ The Scientific Committee was set up by in December 1992.

¹⁰² Commission Regulation 1829/2002 on the re-registration of 'Feta' as a PDO. Before, the Scientific Committee concluded unanimously that 'Feta' was not a generic term.

¹⁰³ ECJ C-465/02 and C-466/02, *Federal Republic of Germany and Kingdom of Denmark v Commission of the European Communities (Feta II)*.

“77 As regards the production situation in the Hellenic Republic itself, the Danish Government submits, without being contradicted on this point, that, until 1988, cheese produced from cow’s milk according to methods other than the traditional Greek methods was imported into Greece under the name ‘feta’ and that, until 1987, feta cheese was produced in Greece using non-traditional methods, in particular from cow’s milk.

78 It must be recognised that, if such operations were to persist, they would tend to confer a generic nature on the name ‘feta’. The Court nevertheless notes that, by Ministerial Order No 2109/88 of 5 December 1988 approving the replacement of Article 83 ‘Cheese products’ in the Food Code, the definition of the geographical area of production based on traditional practices was established. In 1994, Ministerial Order No 313025 codified all of the rules applicable to feta cheese. Furthermore, all of that legislation created a new situation in which such operations should no longer take place.”

Accordingly, the ECJ would have considered the fact of continuing import of foreign Feta cheese to indicate genericness. Further, the court held that although production in other countries has been relatively large and of substantial duration, the production of Feta has remained concentrated in Greece.¹⁰⁴ The ECJ also noted that the fact that the product has been lawfully produced in Member States other than Greece does not per se suggest that the term has become generic and is only one factor of several which must be taken into account when considering the question of genericness.¹⁰⁵

The Scientific Committee had established that more than 85% of consumption per capita in the EU takes place in Greece and the majority of consumers in Greece understood Feta to have specific geographical associations.¹⁰⁶ The ECJ held that consumers in Greece consider that the name ‘Feta’ carries a geographical and not a generic connotation, but in Denmark, by contrast, the majority of consumers believe that the name is generic.¹⁰⁷ Also, the court held that it did not have any evidence regarding the use of the term in other Member States.¹⁰⁸ In the absence of any specific information about the situation in any other Member States, the ECJ relied on the Commission’s recital of the contested

¹⁰⁴ Because the Greek eat the most Feta cheese; *Feta II*, par. 83.

¹⁰⁵ *Feta II*, par. 84.

¹⁰⁶ Commission Regulation 1829/2002 on the re-registration of ‘Feta’ as a PDO. Before, the Scientific Committee concluded unanimously that ‘Feta’ was not a generic term.

¹⁰⁷ *Feta II*, par. 86.

¹⁰⁸ *Ibid.*

regulation which makes reference to the 'general European consumer impressions' of the term¹⁰⁹:

'(20) According to the information sent by the Member States, those cheeses actually bearing the name "Feta" on Community territory generally make explicit or implicit reference to Greek territory, culture or tradition, even when produced in Member States other than Greece, by adding text or drawings with a marked Greek connotation. The link between the name "Feta" and Greece is thus deliberately suggested and sought as part of a sales strategy that capitalises on the reputation of the original product, and this creates a real risk of consumer confusion. Labels for "Feta" cheese not originating in Greece but actually marketed in the Community under that name without making any direct or indirect allusion to Greece are in the minority and the quantities of cheese actually marketed in this way account for a very small proportion of the Community market.'

The court then held, that therefore it is legitimate to infer that consumers in those Member States perceive 'Feta' as a cheese associated with Greece, even if in reality it has been produced in another Member State.¹¹⁰ Taking into account those various factors relating to the consumption of feta the ECJ then concluded that the name 'Feta' is not generic in nature and upheld the Commission's decision to register 'Feta' as a PDO.

2.3 Consequences of the Feta Cases

The ECJ considered two categories of evidence. First, direct evidence such as consumer surveys and, second, indirect evidence such as details regarding production and consumption of the cheese. It is the relative importance given to each of these categories that proved controversial.¹¹¹ In particular, did evidence of long-standing and significant feta production outside Greece reflect a generic understanding of the term or was it instead merely opportunistic behaviour by producers outside Greece?¹¹² The problem presented by this case that the court ultimately upheld the Commission's finding that Feta was non-generic despite the fact that there was a significant volume of feta production outside Greece for several decades.

Thus, *Feta II* was a major blow to the Feta producing industry outside of Greece. The parties opposing the registration of Feta as a PDO alone produced approximately 70'000

¹⁰⁹ Recited in *Feta II*, par. 20.

¹¹⁰ *Feta II*, par. 87.

¹¹¹ GANGJEE, *supra* [fn 83], p. 174.

¹¹² *Ibid.*

tonnes of Feta each year.¹¹³ After *Feta II* only producers in designated parts of Greece are allowed to use the term Feta (after a transition period). Feta producers outside of Greece had to come up with new marketing strategies for their products and new names for their products. In Germany, for example, industrial cheese producers have launched new products called 'soft cheese greek style', or new trademarks like 'Patros'.¹¹⁴ The costs of launching such new products have been substantial and can only be managed with considerate marketing budgets.¹¹⁵

It seems that external feta production was ousted because it represents only indirect evidence of consumer understanding, which is the real focus of any analysis of a genericness claim.¹¹⁶ Further, under the test of genericness, external production, i.e. production in a country other than the country in which the name originates, is only one factor to be considered and it only has a demonstrable effect when it affects consumer perceptions in the Community. This might explain why substantial Danish, French and German production was discounted.

Essentially, the ECJ had to determine whether there was enough evidence that the relevant public understands the term Feta to be commonly used for a type of cheese in brine. The Scientific Committee, which advised the European Commission during the registration process, held that the relevant public should include consumers as well as commercial purchasers such as restaurants.¹¹⁷ Accordingly, the public across all the Member States was the target audience. Further the committee held that Feta would be considered generic 'only when there is in the relevant territory no significant part of the public concerned that still considers the indication as a geographical indication'.¹¹⁸ Compared to other jurisdiction like the US, this seems to be a fairly high threshold, designed to prevent an easy slide into genericness.¹¹⁹

Further, it seems as though the ECJ has focused on the unfair competition element, although not mentioning it directly. By making reference to the labelling practice of producers outside of Greece and therefore confuse consumers, the ECJ seems to apply a

¹¹³ Denmark: 27'000 tonnes, France: 14'000, Germany: 30'000 tonnes compared to Greece with a production of 115'000 tonnes; see Commission Regulation (EC) 1829/2002, par. 13 ss.

¹¹⁴ SPILLER ACHIM, EU-Schutz von Herkunftsangaben: Quo vadis? Folgen des Gerichtsurteils des EuGH zur Ursprungsbezeichnung „Feta“, Universität Göttingen 2006, p.3.

¹¹⁵ *Ibid*, p.4.

¹¹⁶ GANGJEE, *supra* [fn 83], pp. 172-179.

¹¹⁷ See Commission Regulation (EC) No 1829/2002 of 14 October 2002, par. 23.

¹¹⁸ *Ibid*, par. 23.

¹¹⁹ Also see GANGJEE, *supra* [fn 83], p. 175.

further element to the test of genericness.¹²⁰ The ECJ does not directly mention that the labelling practices are unfair competitive behaviour but seems to adopt the Commission's view that Feta labelled and making reference to Greece can cause a 'real risk of consumer confusion'.¹²¹

Feta illustrates that the Commission plays an active role in determining whether a GI has become a generic term and can invoke the advice of the Scientific Committee during the registration process. Taking *Feta* as a precedent, EU authorities are reluctant to let a geographical name become generic. As a consequence, producers must consider the generic use of a GI as part of the overall marketing strategy of how consumers perceive and interpret a geographical term in question. After the *Feta* case, a European producer has to think twice before he or she markets a product bearing a supposedly generic name of geographical significance.

IV. United States of America

1 The United States' Trademark Law Approach

The system of protection of geographical indications in the United States differs considerably compared to the system of protection in the European Union. Current US policy does not recognise geographical indications as a separate category of intellectual property rights. Instead, the US uses trademark structures already in place to protect geographical indications as required by TRIPS.¹²² Accordingly, geographical indications are administered under the same governmental body as trademarks, the same statutes and the same legal system as trademarks. For wines and spirits there is specific regulation with regards to the labelling of wine.¹²³

For a trademark to be registered it has to be distinctive and indicate that the product originates from a particular source (e.g. company) and is distinctive.¹²⁴ Generic words (e.g. apple to identify apples) or words that merely describe the products are not distinctive and consequently may not be registered as a trademark. The historical function

¹²⁰ GANGJEE, *supra* [fn 83], pp. 172-179.

¹²¹ *Feta II*, par. 87; also GANGJEE, *supra* [fn 83], p. 175.

¹²² United States Patent and Trademark Office, *Geographical Indication Protection in the United States*, p. 1

¹²³ See below Chapter IV 4, p. 29.

¹²⁴ *Ibid.*

of trademark law in the US has been to afford protection to mark owners who use words, names, symbols or devices to identify their goods or services, but not to afford protection to geographical indications, which do not provide such particular identification and are therefore not considered to be distinctive.¹²⁵ In *Canal Co. v. Clark*, the Supreme Court refused trademark protection to 'Lackawanna Coal' when the term was used for coal originating from the Lackawanna Valley of Pennsylvania. The Supreme Court held that there must be a distinctiveness of the term to be registered as a mark. Consequently, the court held that 'Lackawanna' itself was not distinctive. The rationale behind this decision is that if such terms could be protected as trademarks, 'anyone could prevent all others from using them, or from selling articles produced in the districts they describe under those appellations, it would greatly embarrass trade, and secure exclusive rights to individuals in that which is the common right of many'.¹²⁶

As an exception from this rule, a term, which is not distinctive, can acquire distinctiveness, a secondary meaning, in the minds of consumers over time. It is therefore possible for a geographically significant term to acquire distinctiveness and thus be registered as a trademark.¹²⁷ For example, the name 'Grayson' is registered as a trademark for a cheese and belongs to Meadowcreek Farms.¹²⁸ The mark owner has the exclusive right to use the term 'Grayson'. Other producers, even in Grayson County, Virginia, may not call their cheese Grayson.

Trademark law has not been designed for GIs as defined by Article 22 (1) TRIPS. As a result, there are two problems inherent to the trademark system with regards to the protection of GIs. First, a trademark that consists of a geographically significant term (which has acquired distinctiveness) can be delocalised from its geographical origin. For example, if the mark owner of 'Grayson' would start to produce 'Grayson' cheese in another place than the Grayson valley, cheese could still be sold under the name of 'Grayson' because it is a registered trademark attached to the mark owner and not to a location. Geographical indications differ from trademarks in one key respect: geographical indications, by definition, serve to distinguish producers in one region from those in another region; trademarks, on the other hand, serve to distinguish one producer from another,

¹²⁵ In *Canal Co. v. Clark*, 80 U.S. 310 (1872).

¹²⁶ *Ibid.*

¹²⁷ BERNARD O'CONNOR, *The Law of Geographical Indications*, London 2007, p. 247 (hereafter O'CONNOR).

¹²⁸ US Registration No. 6889023; http://meadowcreekdairy.com/JML/index.php?option=com_content&task=view&id=46&Itemid=40; cheese.wikia.com/wiki/Grayson, last visited 9th February 2012.

regardless of location.¹²⁹ Second, Trademarks are privately owned and are designed to identify a source, usually corporate, and not a geographical origin.¹³⁰

The Lanham Trademark Act of 1946 (the 'Lanham Act' as amended in 1999)¹³¹, however, introduced two important categories of marks: certification marks and collective marks. Both types of marks allow for several producers to use the mark. Accordingly, geographical indications in the United States can only be protected by means of collective and certification marks.

2 GIs as Certification Marks

One vehicle to protect geographical indications under US law is through a certification mark. A certification mark is a special type of a trademark and serves a different purpose than an ordinary trademark: 'Certification mark' means any word, name, symbol, or device, or any combination thereof¹³²

- (1) used by a person other than its owner, or
- (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

Accordingly, a certification mark is owned by one person and may be used by others. The owner of the certification mark has a bona fide interest to let others use the certification mark and neither uses it nor produces goods in connection to which the mark is used.¹³³ The owner of the mark controls the use of the mark by certifying producers using the mark and establishes the certification procedures. A certification mark does not distinguish between individual producers. This means that any producer that meets the certifying standards can use the certification mark once certified. By these means a certification mark certifies the quality and the origin of the goods or services in ques-

¹²⁹ MAHER MICHAEL, On Vino Veritas? Clarifying the Use of Geographic References on American Wine Labels, in: Californian Law Review 1881 (2001), p. 1889.

¹³⁰ O'CONNOR, supra [fn 127], p. 248.

¹³¹ Lanham Act, 15 USC; <http://www.bitlaw.com/source/15usc/>.

¹³² Lanham Act 15 USC §1127, Constructions and definitions, <http://www.bitlaw.com/source/15usc/1127.html>

¹³³ Often owners are governmental bodies or bodies operating with governmental authorization.

tion.¹³⁴ Certification marks have to be registered with the US Patent and Trademark Office (USPTO).

There are three types of certification marks that reflect certain characteristics of goods or services: First, that goods or services originate in a specific geographical area; second, that goods or services meet certain standards with regards to quality or materials used of the mode of manufacture; third, that the performer of the services or the producer of the goods is a member of a union or any other organization.¹³⁵ Examples of non-US GIs registered as a certification mark include 'Parmiggiano Reggiano', 'Swiss' or 'Roquefort'.¹³⁶ US examples of certification marks include 'Idaho Preferred', 'Florida' or 'Rose-hill Washington State Apples'.¹³⁷

The Trademark Trial and Appeal Board (TTAB) also allows common law protection of GIs. This means that a term is protected as a common-law (unregistered) certification mark. In *Cognac* the TTAB held that 'Cognac' is protected as a common-law certification mark.¹³⁸ It held that US consumers understand the designation 'Cognac' to refer to brandy originating in the Cognac region of France, and not to brandy produced anywhere else. Accordingly the TTAB held that 'Cognac' is a common-law regional certification mark valid without registration, rather than a generic term.¹³⁹

3 GIs as Collective Marks

Geographical Indications can also be protected through a collective mark. Under the Lanham Act, a collective mark is a trademark or service mark

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, and includes marks indicating membership in a union, an association, or other organization.

A collective mark is owned by a group or an organization, for example an association of producers or manufacturers, and serves the purpose to indicate that the person who

¹³⁴ BERNARD O'CONNOR, *The Law of Geographical Indications*, London 2007, p. 248.

¹³⁵ *Id.*, p. 249.

¹³⁶ US Trademark Registration No. 1754410, 1570455, 1892496.

¹³⁷ US Trademark Registration No. 631499, 578703, 234449.

¹³⁸ *Institut National Des Appellations d'Origine v. Brown-Forman Corp.*, 47 USPQ2d 1875, (TTAB 1998).

¹³⁹ *Ibid.*

uses the collective mark is a group member. Unlike certification mark owners, collective mark owners may use the mark themselves.

Further, there are two types of collective marks: (1) collective trademarks or service marks and (2) collective membership marks. First, a collective trademark (or collective service mark) may be used by a 'collective' (an association, union, cooperative etc.) for the use of only its members. The members in turn use the mark to identify their goods and distinguish them from those of non-members. The 'collective' itself does not sell goods under a collective trademark, but it may advertise or otherwise promote the goods sold by its members under the mark.¹⁴⁰ Second, a collective membership mark is used for indicating membership in an organised collective group, such as a union, an association or any other organization. Neither the collective nor its members use the collective membership mark to identify and distinguish goods. The sole function of a collective membership mark is to indicate that the person displaying the mark is a member of the organised collective group.¹⁴¹

4 GIs Under ATF

The administrative body entrusted with the regulation of alcoholic beverages is the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Under the Federal Alcohol Administration Act of 1935 (FAA Act), the ATF can enact regulations "intended to prevent deception of the consumer, to provide the consumer with adequate information as to the identity and quality of the product, and to prohibit false or misleading statements."¹⁴²

Relevant in the connection with GIs is the Alcoholic Beverage Labelling Act that sets out rules for the labelling of wine of both domestically produced or imported wine.¹⁴³ Accordingly, all wine has to be labelled in conformity with the Act.¹⁴⁴

¹⁴⁰ See <http://www.uspto.gov/ip/global/geographical/protection/index.jsp>, Office of the Administrator for Policy and External Affairs - GI Protection.

¹⁴¹ The protection of collective marks is enforced according to general trademark law. The owner of the collective mark may initiate an action for infringement. For example, the collective body would bring an action for infringement against a non-member who has used the mark. See <http://www.uspto.gov/ip/global/geographical/protection/index.jsp>, Office of the Administrator for Policy and External Affairs - GI Protection; TUNISIA L. STATEN, Geographical Indications Protection Under the TRIPS Agreement: Uniformity Not Extension, in: Journal of the Trademark and Patent Office, March 2005, p. 240.

¹⁴² Federal Alcohol Administration Act of 1935, 27 U.S.C. §§ 201-219a (2000).

¹⁴³ Alcoholic Beverage Labelling Act of 1998.

¹⁴⁴ Codified Federal Regulation, § 4.30, 27 CFR, Part 4, Labelling and advertising of wines.

The goal of the ATF is to protect consumer's purchasing decisions and remains in line with general theories of U.S. trademark law. However, the labelling of a wine does not give a wine producers active rights in the protection of his product. For such GI protection, a product would still need to be registered under a certification or collective mark or trademark.

What has proven to be controversial is the ATF's power to establish whether a geographically significant term has become generic for a type of wine, which will be discussed in the following chapter.

5 Genericness

5.1 Genericness Under the Trademark Regime

With regards to generic terms it seems that in the United States geographical terms are used more commonly to refer to a special type of cheese, wine or other products compared to the European Union. This may due to the fact that people who immigrated into the United States brought with them traditional foods and methods of production from their home countries.¹⁴⁵ On the other hand, the trademark system still allows a registered mark to become a generic term – unlike the European system where registration precludes a GI becoming a generic term.¹⁴⁶

The US concept of genericness applies to all types of marks - trademarks, collective and certification marks. Consequently, generic terms cannot be registered either as a trademark or as a collective or certification mark.¹⁴⁷ A geographic term or sign is considered generic, when it is so 'widely used that consumers view it as designating category of all of the goods or services of the same type, rather than as a geographic origin'.¹⁴⁸ From a consumer's perspective, the main objective of trademark law is to protect consumers from confusion regarding the source of products.¹⁴⁹ Consumers generally do not associate generic terms with a single source.¹⁵⁰ From a producer's perspective, trademark law

¹⁴⁵ FRANCES G. ZACHER, Pass the Parmesan: Geographic Indications in the United States and the European Union – Can There Be Compromise, in: Emory International Law Review [Vol. 19 2005], p. 436.

¹⁴⁶ Lanham Act 15 USC 1064.

¹⁴⁷ Lanham Act 15 USC 1064.

¹⁴⁸ United States Patent and Trademark Office, Geographical Indication Protection in the United States, p. 1

¹⁴⁹ TUNISIA L. STATEN, Geographical Indications Protection Under The TRIPS Agreement: Uniformity Not Extension, in: Journal of the Patent and Trademark Office [221, 2005], p. 237.

¹⁵⁰ EMILY NATION, Geographical Indications: The International Debate Over Intellectual Property Rights For Local Producers, in: University of Colorado Law Review [959, 2011], p. 975.

protects producers by ensuring fair competition - if producers were allowed to monopolize generic terms, protecting a generic term would be unfair against competing producers. Accordingly, any GI deemed generic cannot be enforced under U.S. law because it will not be a valid certification or collective mark.¹⁵¹

A term can already be generic when a certification or collective mark is due for registration or can become generic over time. First, a designation may already be generic, when it is understood by prospective purchasers to denominate the general category, type, or class of the goods, services, or business with which it is used.¹⁵² Accordingly, a user cannot acquire rights in a generic designation as a trademark, trade name, collective or certification mark.

Second, over time, a geographical name associated with a product may become generic if it is so widely used that the public comes to understand the term as the name for a category of all the products of the same type. Upon becoming generic, a geographical name can no longer receive legal protection as a geographical indication.¹⁵³

This is a fundamental difference of the US concept of generic terms compared to the EU system: In the European Union a GI cannot become generic after its registration.¹⁵⁴ In the United States on the other hand, a GI registered as a certified or collective mark can *still* become a generic term. In such cases, a competitor would claim that a certified mark has become a generic term and would seek cancellation proceedings. The Lanham Act provides that a petition to cancel the registration of a mark can be filed

“At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered [...] The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”¹⁵⁵

¹⁵¹ Ibid, p. 975.

¹⁵² Restatement of the Law (Third) of Unfair Competition, by the American Law Institute, § 15 (2009).

¹⁵³ Ibid.

¹⁵⁴ See above, chapter,

¹⁵⁵ Lanham Act 15 USC 1064, Cancellation of registration.

In most cases, the change in status from a mark to a generic name results from a behaviour of the mark owner him- or herself.¹⁵⁶ A mark owner has to look after his mark otherwise he might lose the right to protection. In connection with generic terms, the Lanham Act provides the loss of rights 'when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become a generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark'.¹⁵⁷ Examples of such behaviour of the owner include the owner's use of the mark as a generic name and his failure to use the mark correctly in advertising or on the product, to prevent infringements and generic uses, or to 'educate the public' as to the product's proper generic name.¹⁵⁸ For example, the Southern District Court of New York held that the term 'aspirine' (a painkiller protected as a trademark by the German manufacturer) had slipped into a generic term and 'aspirin' was consequently cancelled as a trademark.¹⁵⁹

The test for both scenarios (generic from the 'beginning' and generic over time) under the Lanham Act to determine if a term has become generic is the 'primary significance to the relevant public'.¹⁶⁰ Therefore, it seems that determining whether a particular term is a 'generic' term is an empirical enquiry. Courts in the United States and particularly the Trademark Trial and Appeal Board (TTAB) have decided on a few occasions on when a term has become generic.

In *Fontina*, the Patent and Trademark Office refused to register a certification mark for 'Fontina' because the term had become generic.¹⁶¹ Fontina is a cheese made in the Aosta Valley of Italy and an umbrella organisation defines the quality control standards to ensure that products bearing the name 'Fontina' meet the required standards. Under European Law 'Fontina' is a registered PDO. When the Fontina umbrella organisation sought to register the term as a certification mark in the United States, the USPTO refused to register the designation because the term was a generic name referring to a special type of cheese. Upon appeal, the TTAB upheld the decision and refused registration. First, the TTAB looked into dictionary and encyclopaedia entries in order to determine the meaning of the term 'Fontina'. Many of these sources noted that the cheese

¹⁵⁶ ANTHONY W. SILVA, Do or Die: Genericide Prevention, in: Journal of Contemporary Legal Issues [Vol. 189, 2010], p. 190.

¹⁵⁷ Lanham Act § 45 (abandonment of mark), subsection (1).

¹⁵⁸ *Bayer CO. v. United Drug Co.*, 272 F505, 509 (S.D.N.Y. 1921).

¹⁵⁹ *Bayer CO. v. United Drug Co.*, 272 F505, 509 (S.D.N.Y. 1921).

¹⁶⁰ Lanham Act 15 USC 1065.

¹⁶¹ *In re Cooperativa Produttori Latte E Fontina Valle D'Aosta*, 230 USPQ 131 (TTAB 1986).

was of Italian origin. Then, the TTAB focused on sources spelling the word 'fontina' (lower case) which, according to the TTAB, indicated that the term may have become generic.¹⁶² Also, the TTAB noted that there are two domestic cheese products named 'Fontinella' and 'Fontal'. Based on these findings, the presence of two similarly named domestic products and the lowercase spelling of the term 'fontina' in dictionaries and encyclopaedias, the TTAB came to the conclusion that "to the American purchaser, 'fontina' primarily signifies a type of cheese regardless of regional origin."¹⁶³ Consequently, the TTAB refused the registration of 'Fontina' as a certification mark. The TTAB's reasoning in this case-with genericness turning on factors like capitalization in dictionaries and encyclopaedias shows that, at least in this decision, the TTAB was prepared to assume genericness based on relatively little evidence. Also, this case illustrates how difficult it is to prove that an unregistered GI is not generic. An early registration of 'Fontina' as a certification mark would probably have helped to fight a genericness claim of US domestic producers.¹⁶⁴

In *Roquefort*, the TTAB held that the term 'Roquefort' had not become generic and that other producers could not use the term because it was a protected certification mark.¹⁶⁵ Roquefort is a cheese produced in the region of Roquefort in France. It is made of sheep's-milk and is a blue cheese, young cheese is injected with spores and then matures exclusively in the limestone caves of Roquefort in France.¹⁶⁶ The Community of Roquefort governs the use of the GI 'Roquefort'. In the European Union, the term is registered as a PDO and the term 'Roquefort' was registered as a certification mark in the United States in 1953.¹⁶⁷ When Faehndrich Inc. (defendant), a US cheese producer, started using the term 'Roquefort' for its own blue cheese, the mark owner, the Community of Roquefort, took legal action for infringement. The defendant claimed that the Community of Roquefort could not enforce its mark against him because the term 'Roquefort' had become a generic term for sheep's-milk blue cheese.¹⁶⁸ The Court of Appeals affirmed the judgment in favour for the Community. It held that defendant had the burden of proving that the term had become generic. The defendant failed to pre-

¹⁶² *Id.* at 134.

¹⁶³ *Ibid.* at 134.

¹⁶⁴ See also EMILY NATION, *Geographical Indications: The International Debate Over Intellectual Property Rights For Local Producers*, in: *University of Colorado Law Review* [959 2011], p. 975; (hereafter NATION)

¹⁶⁵ *Community of Roquefort v. William Faehndrich Inc.*, 303 F. 2d 494, 133 USPQ 633 (2d Cir. 1962).

¹⁶⁶ See <http://en.wikipedia.org/wiki/Roquefort>

¹⁶⁷ *Ibid.* at 496.

¹⁶⁸ *Ibid.* at 497.

sent the facts showing that consumers understood 'Roquefort' to be generic.¹⁶⁹ Also, the court held that, other than defendant's blue cheese, the only other sheep's-milk blue cheese on the US market was called 'Garden of Eden' which indicated that the term is not generic.¹⁷⁰ These facts alone may not have been enough to prove that the term 'Roquefort' had *not* become generic. Nevertheless, this case shows that the defendant had not satisfied the burden of proof, i.e. proving that the term 'Roquefort' had become a generic designation for blue cheese. Further, *Roquefort* provides an example of the benefits of registering a GI with the USPTO early. Compared to the GI holders in *Fontina*, which attempted U.S. registration in the 1980s, the Community of Roquefort registered a certification mark for the term 'Roquefort' already in 1953, less than ten years after the passage of the Lanham Act.

In *Montrachet*, the Court of Appeals for the Federal Circuit reversed a decision of the TTAB that held that the term 'Montrachet' had become generic for goat's cheese covered in salted ash.¹⁷¹ Montrachet is a cheese made from goat's milk produced in the region of Burgundy in France often sold covered in grey, salted ash. When Montrachet S.A. sought to register 'Montrachet' as a mark, the Patent and Trademark Office (USPTO) denied registration because the term had allegedly become generic. The TTAB upheld the decision of the USPTO. Upon appeal of the TTAB decision, the Court of Appeals held that there was not sufficient evidence that the term 'Montrachet' had become generic.¹⁷² The court held that there is no uniform test or formula to be applied in determining whether a term is or has become a common or generic name and that each case must be decided according to its facts.¹⁷³ Methods to find out whether a term has become generic to the relevant public include newspaper articles and dictionary definitions.¹⁷⁴ After considering the evidence used by the USPTO the court held that it could not be established that the mark is viewed by the public as a generic name. Both the USPTO and the TTAB relied on little evidence to determine genericness. They considered two newspaper articles and, according to the Court of Appeals, from both articles could not be concluded that the term had become generic.¹⁷⁵ First, this case illustrates that the USPTO and the TTAB are very quick assume genericness, at least in this case. Second, this case shows that the burden was on the Patent and Trademark Office to prove

¹⁶⁹ *Ibid* at 497-498.

¹⁷⁰ *Ibid* at 498.

¹⁷¹ *In re Montrachet S.A.*, 878 F.2d 375, 11 USPQ2d 1393, 1394 (Fed. Cir. 1989).

¹⁷² *Ibid* at 1396.

¹⁷³ *Ibid* at 1397.

¹⁷⁴ *Ibid*.

¹⁷⁵ *Ibid*.

that the public perceives the term 'Montrachet' to be a generic designation for a type of cheese. This burden was not met by the USPTO.

In *Darjeeling*, the TTAB held that 'Darjeeling' had not become a generic name for a type of black tea.¹⁷⁶ Darjeeling is a region in the West Bengal of India famous for its fine teas. The Tea Board of India, a governmental body to control the production and sale of teas in India, is the certification mark owner of 'Darjeeling' in the United States.¹⁷⁷ When a company (applicant) wanted to register the mark 'Darjeeling Nouveau' the applicant claimed that the term 'Darjeeling' had become a generic term for black tea.¹⁷⁸ The TTAB held that the test for determining whether a mark is generic is its primary significance to the relevant public.¹⁷⁹ The relevant public in this case included tea "aficionados" and ordinary members of the general public.¹⁸⁰ Evidence of the relevant public's understanding of a term may be obtained from any competent source including purchaser testimony, consumer surveys, dictionary definitions, trade journals, newspapers and other publications.¹⁸¹ First, the TTAB looked into surveys made by the applicant. The applicant submitted surveys that were made by telephone trying to show that the term Darjeeling is generic among consumers.¹⁸² The survey however failed to convince the TTAB that the term had become generic. Further, the dictionary definitions submitted by the applicant failed to show that Darjeeling has a generic meaning. A factor that was considered by the TTAB is that Darjeeling is always capitalized in these references which indicates that the term has not become generic.¹⁸³ The applicant failed to submit evidence on media usage. Consequently, the TTAB held that there was insufficient evidence in the record to establish that the term 'Darjeeling' is generic.¹⁸⁴ This case illustrates and lists the evidence to prove the relevant public's understanding of a term that has become generic. Compared to *Montrachet* the evidence considered by the TTAB seems to be more comprehensive and includes purchaser testimonies, consumer surveys, dictionary definitions, trade journals, newspapers and other publications. *Darjeeling* again illustrates that the burden of proof lies on the person claiming genericness.

¹⁷⁶ *Tea Board of India v. Republic of Tea, Inc.*, 80 USPQ2d 1881 (TTAB Jan. 2006).

¹⁷⁷ Trademark Registration No. 1632726.

¹⁷⁸ *Tea Board of India v. Republic of Tea, Inc.*, 80 USPQ2d 1881 (TTAB Jan. 2006), p. 14.

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

¹⁸¹ *Ibid.*

¹⁸² *Ibid.*, p. 38.

¹⁸³ *Ibid.*, p. 41.

¹⁸⁴ *Ibid.*

To conclude, for a term to be considered generic, evidence must show that members of the *relevant public* primarily use or understand the term sought to be registered (or cancelled) to refer to the category of goods in question. Evidence of the public's understanding of a term can be obtained from any competent source, including testimony, surveys, dictionaries, encyclopaedias, journals, newspapers and other publications. In general, it seems that the use of generic GIs in the United States seems to be much more widespread compared to Europe. Places of origin and products that are protected geographical indications in Europe seem to have become a part of the common language of American producers and consumers. A reason for this may be that migrants have taken the methods of making the products and the names with them to the United States. Having said that, there is no doubt that certain US producers started to use European GIs in order to market and sell their products to suggest the style of wine they were offering to US consumers.

Case law illustrates that whoever claims genericness has the burden of proof. For example when a GI holder initially seeks registration of a certification or collective mark with the USPTO and it refuses registration, the USPTO must prove that the geographic designation is generic.¹⁸⁵ Taking into account cases like *Montrachet* and *Fontina* it seems that the USPTO and the TTAB have a casual approach towards generic terms and seem to be permissive of GIs to slip into genericness on the US market. In those cases the USPTO and TTAB seem to have relied on relatively little evidence. A couple of newspaper articles spelling a geographical term with lower cases seemed to be enough to establish generic usage.

On the other hand, cases like *Roquefort* and *Darjeeling* illustrate that once a GI has been registered, however, the GI enjoys a presumption that it is not generic. A challenger may seek cancellation of the existing mark on the grounds that the mark has become generic, but the challenger will have to overcome the presumption. Early registration of a GI in the US is beneficial because it allows the GI holder to prove non-genericness before competing producers have the opportunity to imitate the GI in the marketplace.¹⁸⁶ However, a disadvantage in the trademark system is that a certification or collective mark owner is constantly required to police his or her marks, otherwise there is a risk that a GI registered as a certification or collective mark becomes generic.

¹⁸⁵ NATION, *supra* [fn 164], p. 976.

¹⁸⁶ *Ibid.*

5.2 Genericness Under ATF Regulations

The ATF has the authority to enact regulations with regards to the labelling of alcoholic beverages.¹⁸⁷ The 'properties' regulated by the ATF like geographic place names, grape variety names and geographic brand names are closely connected to the trademark system. Wine producers often market their products with both a trademark and a domestic appellation.¹⁸⁸

With respect to generic terms, the ATF has developed a classification system of generic, semi-generic and non-generic terms which may be used for the labelling of wine.¹⁸⁹ By law, the director of the ATF has the power to determine a geographic name which is also the designation of a class or type of wine as a generic, semi-generic or non-generic term.¹⁹⁰ For example, the ATF regulation allows producers the use of generic terms absolutely, like 'Vermouth' and 'Sake'.

Semi-generic is a legal term to refer to a specific type of wine.¹⁹¹ Semi-generic terms may be used on a label as long as the label also indicates the true origin of the product (e.g. California champagne).¹⁹² Examples of semi-generic appellations of origin include 'Champagne', 'Madeira', 'Chablis' and 'Mossel'.¹⁹³

In order to determine if a term has become generic, the ATF relies on consumer surveys. The last consumer survey was conducted in July 1998.¹⁹⁴ The aim of the survey was to determine consumer interpretations of varietal and semi-generic claims on labels of flavoured wine products.¹⁹⁵ Also, the survey was designed to assess whether wine consumers distinguish between grape wine and flavoured wine products based on information provided on product labels.¹⁹⁶

The allowance of the ATF for semi-generic terms has caused a great deal of discussion within the US wine industry and has infuriated European wine producers.¹⁹⁷ Certain

¹⁸⁷ See above.

¹⁸⁸ MICHAEL MAHER, on vino veritas? Clarifying the Use of Geographic References on American Wine Labels, in: *Californian Law Review* 1881 (2001), p. 1889 (hereafter MAHER).

¹⁸⁹ 27 CFR § 4.24.

¹⁹⁰ 27 CFR § 4.24 (a) (1)

¹⁹¹ *Ibid*; This may be explained historically as a lot of New World producers used familiar European geographical names to suggest the style of wine they were offering to consumers.

¹⁹² 27 CFR § 4.24.

¹⁹³ 27 CFR § 4.24 (b) (2).

¹⁹⁴ See http://www.ttb.gov/pdf/notices_alcohol/notice890.pdf

¹⁹⁵ *Ibid*.

¹⁹⁶ *Ibid*.

¹⁹⁷ See MAHER, p. 1900.

geographic designations which are registered PDOs in Europe have been found to be semi-generic term in the United States and are defined so by law.¹⁹⁸

It seems that the ATF regulation with regards to semi-generic terms violates Article 23 TRIPS and that the United States acted to decrease GI protection for wines by allowing semi-generic terms. All semi-generic terms refer to wines produced outside the United States, particularly in Europe. Article 23 obliges member states to enact laws that prohibit the continued use of geographical indications on wines produced in areas other than that of the named indication. The United States assert that Section 43(a) of the Lanham Act complies with TRIPS insofar as it prohibits the use of a 'false designation of origin'. However, to the extent that the Lanham Act requires that the designation is false or misleading or that consumers rely on it in their purchase decisions, the absolute protection guaranteed by Article 23 TRIPS is not provided for under current US law.¹⁹⁹ First, semi-generic terms are not provided for under Article 24 (6) TRIPS. Accordingly a term is generic or non-generic. Second, Article 23 (1) particularly prohibits the use of expressions 'kind', 'type', 'style' or the like. Consequently, it is more than doubtful that Article 23 (2) would allow a name such as 'California Champagne'.

The US might argue that semi-generic terms were used in good faith and invoke the exception of Article 24 (5), that if nationals have used a GI for ten years prior to the conclusion of TRIPS, or in good faith, they may continue to use the GI on their products. The good faith argument as in terms of Article 23 TRIPS could be eliminated because no wine producer could seriously argue that he or she was unaware that Burgundy or Chablis was a wine producing region in France.

Further, the United States will likely argue that its legislation falls under the exception of Article 24(6) TRIPS, which provides that generic terms are not protected. The Federal Court of Appeals has found at least one of these semi-generic indications to be generic:

In *Chablis With A Twist*, the court held that a wine called 'Chablis with a Twist' could be registered as a trademark and that 'Chablis' itself is a generic name.²⁰⁰ 'Chablis' is also a white wine of the region of Chablis in France and a registered geographical indication in

¹⁹⁸ 27 CFR § 4.24 (b) (2); There are 16 semi generic names which are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine, Sauterne, Haut Sauterne, Sherry and Tokay.

¹⁹⁹ See above Chapter II.

²⁰⁰ See *The Institut National Des Appellations D'Origine v. Vintners International Company, Inc.*, 958 F.2d 1574, 1581 n.5 (Fed. Cir. 1992).

the European Union. Chablis is made of Chardonnay grapes and has a unique dry and fruity flavour. The Institut National Des Appellations D'Origines (INAO) opposed the registration of the trademark 'Chablis With A Twist' at the USPTO, a citrus flavoured wine of a US wine producer.²⁰¹ The opposition was dismissed by USPTO and the Trademark Trial and Appeal Board. The TTAB found that the word 'Chablis' is the common, descriptive name of a type of wine. Before the Court of Appeals, INAO argued that the ATF regulations (semi-generic status of 'Chablis') establish that products bearing the name 'Chablis' still have to be associated with a place of production when used in connection with wine.²⁰² Consequently, the term 'Chablis' is a name of geographic significance that refers to Chablis, France, and that the term 'Chablis' for a non-French wine, must be deemed to create a misleading goods-place association as a matter of law.²⁰³ The Court of Appeals was not convinced by INAO's arguments, particularly because INAO could not support its arguments with evidence regarding the fact that the public would be misled.²⁰⁴ It distinguished between the way the term is used in France and the United States. The court then held that "although the term 'Chablis' is a designation controlled in France by INAO and is lawfully used there only on wines which come from the region known by that name and produced in the manner designated by the opposer, the term is used in the United States as the generic name for a type of wine with the general characteristics of French Chablis, whether or not the grapes from which the wine is made or the wine itself comes from France".²⁰⁵

First, *Chablis With A Twist* illustrates that the court considered very little evidence. It seems that the Court of Appeals assumed that the term 'Chablis' is a generic term. This seems to be a reversal of the burden of proof. As seen above, the person claiming genericness has to prove it. In this case it was INAO's obligation to provide evidence that the term was *not* generic, i.e. that 'Chablis' was a geographical designation French wine and that consumers would be misled if the term is used by a US producer. INAO has not met the burden of proof. Consequently, it seems that the fact that 'Chablis' is defined a semi generic term has reversed the burden of proof with regards to genericness.

²⁰¹ Id at 1.

²⁰² 27 CFR § 4.24 (b)(1): "Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine [...]".

²⁰³ Supra note 141, at 29.

²⁰⁴ Id at 31.

²⁰⁵ Id at 32.

Second, *Chablis With A Twist* illustrates that the legal practice of the Trademark Trial and Appeal Board is also relevant in connection with alcoholic beverages when it comes to determine if a term has become generic under the trademark regime.

As mentioned above, semi-generic terms for wines in the United States have always been to the annoyance of European wine producers. After 20 years of negotiations, the US and the EU have concluded a Wine Agreement in 2006.²⁰⁶ Amongst other issues the US agreed to limit the use of semi-generic names. The US administration will seek to change the status and to limit of use of 17 European wine names which are currently considered to be semi-generics. A grandfather clause allows the continued use of semi-generic names on non-European wine, but prohibits new brands from using these names on non-European wine.²⁰⁷ Up to date, however, the provisions on the limitation of semi-generic terms have not been effected because they will not take effect until the US enacts legislation to change the legal status of the semi-generic names.²⁰⁸

The ATFs power to regulate on the labelling on wine which involve geographical indications and semi-generic terms is controversial. The ATF seems to be aware of the great deal of discussion it has caused by allowing for semi generic indications and it is unlikely that the ATF will create further semi-generic indications in the near future.²⁰⁹

V. South Africa

1 System of Protection

South Africa has no specific legislation for the protection of geographical indications. South Africa, like the United States, uses structures already in place to protect GIs in order to comply with its obligations under TRIPS. Protection for geographical indications is afforded by a variety of statutes, each dealing with the related legal matter.²¹⁰

²⁰⁶ Agreement between the United States of America and the European Community on Trade in Wine of 2006 (EU-US Wine Agreement).

²⁰⁷ Article 6 and Protocol, Agreement between the United States of America and the European Community on Trade in Wine of 2006.

²⁰⁸ See http://www.ttb.gov/wine/itd_qas.shtml, last visited 9th February 2012.

²⁰⁹ *Ibid.*

²¹⁰ For example, Merchandise Marks Act 17 of 1941, as amended (The Merchandise Marks Act); Counterfeit Goods Act 37 of 1997 (The Counterfeit Goods Act); The Agricultural Products Standards Act 119 of 1990 (The Agricultural Product Standards Act) as amended by the Agri-

A distinction must be drawn between GI protection through the prohibition of a certain form of conduct and GI protection by conferring rights.²¹¹ For example, the Agricultural Product Standards Act prohibits the use of a mark that conveys or creates a false or misleading impression as to the quality or place of production of such a product.²¹² In addition, common law prohibits conduct that would constitute unlawful competition. For example, misleading or deceiving the public in respect of as to the origin of goods, would be an act of unlawful competition.²¹³

Another example of protection through exclusion of certain acts is the legislation on liquors. It provides rules on the production, labelling, import and export of liquor products.²¹⁴ Geographical indications are protected by the Liquor Products Act 60 of 1989 (Liquor Products Act). Section 12(1) provides that

No person shall use any name, word, expression, reference, particulars or indication in any manner either by itself or in coherence with any other verbal, written, printed, illustrated or visual material in connection with the sale of a liquor product in a manner that conveys or creates or is likely to convey or create a false or misleading impression as to the nature, substance, quality, composition or other properties, or the class, cultivar, origin, age, identity, or manner or place of production, of the liquor product.

Further, a 'Wine of Origin Scheme' regulates the certification of wines by the Wine and Spirit Board regarding the origin, vintage year and variety of wines.²¹⁵

cultural Products Standards Amendment Act 63 of 1998; Liquor Products Act 60 of 1989 (The Liquor Products Act); Trademarks Act 194 of 1993 (The Trademarks Act).

²¹¹ VAN DER MERWE ANDRIES, Geographical Indication Protection in South Africa with Particular Reference to Wines and to the EU, in: The Estey Centre Journal of International Law and Trade Policy, Vol. 10 No.1 [2009], p. 190 (hereafter VAN DER MERWE); Statutes that forbid a certain form of conduct include: Merchandise Marks Act 17 of 1941, as amended (The Merchandise Marks Act); Counterfeit Goods Act 37 of 1997 (The Counterfeit Goods Act); The Agricultural Products Standards Act 119 of 1990 (The Agricultural Product Standards Act) as amended by the Agricultural Products Standards Amendment Act 63 of 1998.

²¹² Art. 6 of the Agricultural Products Standards Act.

²¹³ VAN DER MERWE, *supra* [fn 211], p. 190.

²¹⁴ *Liquor Products Act 60 of 1989* and Regulations; other legislation includes the *Liquor Act 59 of 2003* and Regulations which regulates the distribution of alcoholic beverages on wholesale level by registering/licensing manufacturers and distributors.

²¹⁵ When the term 'Wine of Origin' or the abbreviation 'W.O.' together with the name of a production area, like Stellenbosch, Durbanville or Robertson appears on a label, it indicates that 100% of the grapes from which the wine was made come from that specific area. *Liquor Products Act 60 of 1989 Wine of Origin Scheme*; other Regulations include *Limitation on the Use of Certain Particulars in Connection with the Sale of Liquor Products*, e.g. indication of medals or awards, indications relating to integrated production of wine.

GI protection through the prohibition of a certain conduct does not necessarily lead to less protection of those benefiting from GIs.²¹⁶ However, such protection is a passive method of protecting geographical indications because it requires constant action from a 'GI holder' in order to police his or her GI. Further, all of the statutes that may be applied to geographical indications have not been drafted for the purpose of protecting geographical indications.

A more active protection for geographical indications by means of registration may be obtained under trademark law. Consequently, the question of genericness is also governed by the trademark regime.

2 Certification and Collective Trade Marks

As a general principle, the Trade Marks Act 194 of 1993 (Trade Marks Act) provides that trademarks that consist exclusively of a geographical designation may not be registered.²¹⁷ This principle is overridden by collective or certification marks because through either of these marks a name consisting of a geographical designation can be registered.²¹⁸ Accordingly, certification and collective trademarks are the vehicles to protect a GI.²¹⁹

S 42 (1) of the Trade Marks Act defines a certification trade mark as

“a mark capable of distinguishing, in the course of trade, goods or services certified by any person in respect of kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services, as the case may be, from goods or services not so certified, shall, on application in the prescribed manner, be registrable as a certification trade mark in respect of such firstmentioned goods or services, in the name, as proprietor thereof, of that person: Provided that a mark may not be so registered in the name of a person who carries on a trade in the goods or services in respect of which registration is sought.”

²¹⁶ VAN DER MERWE, *supra* [fn 211], p. 191.

²¹⁷ S 10(2)(b) Trade Marks Act.

²¹⁸ S 42(2) and s 43(3) Trade Marks Act.

²¹⁹ S 2(1)(xxiv) Trade Marks Act: “trade mark”, other than a certification trade mark or a collective trade mark, means a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person.

A certification trade mark distinguishes certified goods from other goods on the market.²²⁰ For example, such products may be different in respect of geographical origin. A certification trade mark is owned by one person and may be used by others. The proprietor of the certification trade mark establishes certification procedures and the criteria according to which a product or service is certified. The proprietor of a certification mark is merely a certifying body and may not trade the goods (or services) in question.²²¹ Certified producers in turn can use the certification trade mark to market their products. A certification mark does not distinguish between individual producers but ensures the quality and the origin of the goods or services in question.²²² Examples of well-known certification trade marks are 'Woolmark' and 'SABS'.²²³

The second method to protect geographical indications is through a collective mark. A mark is registrable in the name of an association as a collective trade mark to distinguish products under a collective mark from other products:

(1) A mark capable of distinguishing, in the course of trade, goods or services of persons who are members of any association from goods or services of persons who are not members thereof, shall, on application in the manner prescribed and subject to the provisions of this section, be registrable as a collective trade mark in respect of such firstmentioned goods or services in the name of such association as the proprietor thereof.

(2) Geographical names or other indications of geographical origin may be registered as collective trade marks.

A collective trade mark is owned by an association and the mark is for the use of members of that association only. It serves the purpose to indicate that the person who uses the collective mark is a member of the association and shows that a member provides the goods or services associated with that specific association. The collective mark is often used in conjunction with the individual producer's trade mark. Collective marks

²²⁰ *Appn by Union Nationale Syndicale des Marques Collectives* (1922) 39 RPC 346 354, which held that compared to trade marks, there is not the same necessity for a certification mark to possess the same degree of distinctiveness that is necessary in the case of an ordinary trade mark.

²²¹ Regulation 56 (3) provides that the application for a certification mark has to be accompanied by a statement that the applicant does not carry on trade in the goods or services in respect of which registration is sought; also see G.C. WEBSTER & N.S. PAGE, *South African Law of Trade Marks*, Fourth Edition, Lexis Nexis Durban, 2011, pars. 10.2.-10.4.

²²² BERNARD O'CONNOR, *The Law of Geographical Indications*, London 2007, p. 248.

²²³ KLOPPER HENDRIK B./ PISTORIUS TANA / RUTHERFORD BRIAN / TONG LEE-ANN / VAN DER SPUY PIETER / VAN DER MERWE ANDRIES, *Law of Intellectual Property in South Africa*, Lexis Nexis, 2011, p. 82.

are similar to certification marks with regards that a variety of producers may use the mark if they fulfil certain criteria. Contrary to certification marks, s 43 of the Trade Mark Act allows the proprietor to use the collective mark.²²⁴ Section 43 (2) specifically provides that geographical indications may be registered as collective trade marks. With the application to register a collective mark has to be accompanied by a set of rules which govern the use of the collective mark.²²⁵ The rules also have to specify the persons that are authorised to use the mark, the membership of the association and, when applicable, the conditions of the use of the mark, including any sanction against misuse.²²⁶ An example of a collective mark is the 'Stellenbosch Farmers' Winery'.

3 Genericness

Under South African trademark law, terms that are considered generic may not be registered and are capable of being removed from the trademark registry. The Trade Marks Act provides that a mark may not be registered which

‘consists *exclusively* of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade’.²²⁷

The subsection applies to both certification and collective trade marks.²²⁸ Also, this subsection makes reference to exclusive use of an indication which is generic and does not preclude the use of generic terms in conjunction with other terms or words.²²⁹ The Trade Marks Act does not use the word ‘generic’ but the term ‘customary in the current language’.

Upon registration of a mark, the Registrar is entitled to decide on whether a term is generic, taking into account evidence.²³⁰ Precedents on geographical indications that have been found to be generic terms have not been decided yet. However, due to the fact

²²⁴ G.C. WEBSTER & N.S. PAGE, South African Law of Trade Marks, Fourth Edition, Lexis Nexis Durban, 2011, par. 10.6. (hereafter WEBSTER & PAGE).

²²⁵ Regulation 57 (3).

²²⁶ Ibid

²²⁷ S10(2)(c) Trade Mark Act; further, s10(12) provides that a trademark ‘which is inherently deceptive’ shall not be registered as a trademark or shall, if registered, be capable of being removed from the trademark registry.

²²⁸ S42 (2) and s43(3) Trade Mark Act.

²²⁹ WEBSTER & PAGE *Supra* [fn 224], par. 3.51.5.

²³⁰ *Ibid.*

that GIs are protected under the Trade Marks Act, the same principles apply that apply to trademarks with regards to the issue of genericness of geographical indications.

In *On-line Lottery Services v National Lotteries Board* the Supreme Court of Appeal found that 'Lotto' was a generic term.²³¹ The National Lotteries Board had registered 'Lotto' as a trade mark in the year 1991. When a company (On-line) started to sell lottery tickets via the internet under a website called 'Lottofun', the National Lotteries Board took action against the company for infringement of their trade mark.²³² On-line on the other hand claimed that 'Lotto' was a generic term and sought the trade mark to be deleted from the register. Both parties tried to persuade the court of the meaning of lotto by introducing expert opinion.²³³ The court, however, held that dictionaries speak for themselves and relied solely on dictionary definitions when determining if the term had become generic. The Supreme Court held that the word 'lotto' was commonly used to refer to a special type of game and was of generic nature at the time of registration in the year 1991. Consequently the court ordered the trade mark to be deleted from the register.²³⁴

In *Hormel Foods Corp v Antilles Landscape Investments NV* the British High Court had to decide whether 'Spam' had become a generic term for tinned meat and whether 'Spambuster' had become a generic term for software programs designed to filter out unsolicited e-mails.²³⁵ In determining whether the two terms had become generic, the court relied on evidence including dictionary entries, newspaper articles and expert witnesses.²³⁶ According to this evidence the court concluded that 'Spambuster' had become a generic term, 'Spam' on the other hand was considered as non-generic according to the evidence.²³⁷

In the case *Pleasure Foods (Pty) Ltd v TMI Foods CC*, 'Megaburger' was registered as a trademark.²³⁸ The registration was challenged on the grounds that the mark was not distinctive because it consists of two generic terms.²³⁹ The High Court relied on evidence

²³¹ *On-line Lottery Services v National Lotteries Board* [2009] 4 All SA 470 (SCA) [14].

²³² *Ibid* at par. 2.

²³³ *Ibid* at par. 21.

²³⁴ *Ibid* at par. 32.

²³⁵ *Hormel Foods Corp v Antilles Landscape Investments NV*, [2005] RPC 28 657 (ChD) 687-688.

²³⁶ *Ibid* at pars. 114 – 116.

²³⁷ *Ibid* at pars. 132-139.

²³⁸ *Pleasure Foods (Pty) Ltd v TMI Foods CC t/a Mega Burger* 2000 4 SA 181 (T) 190A-C.

²³⁹ *Ibid* at p. 2.

such as dictionary entries and an affidavit of an expert.²⁴⁰ The court came to the conclusion that the term 'mega burger' is instantly recognisable as an indication 'customary in the current English language pertaining to the retail food trade as designating the kind or size characteristics of a burger namely that of a large size hamburger'. Therefore, the court concluded that the mark was a generic term and cancelled the registration of the trademark.

South African precedents dealing with the issue of genericness are relatively scarce and there is no actual test for determining genericness. According to the above-mentioned cases, determining whether a name has become generic is a factual question relating to the present time.²⁴¹ Evidence to determine whether a term has become a generic term includes dictionary entries and expert opinions. It seems that South African courts never had to decide on the issues of genericness with large economic implications like the ECJ did in *Feta* or US courts in *Roquefort*. Accordingly the concept of genericness has a potential to be refined. Up to date, there are no precedents in South African law dealing with the specific question when a GI (either as a certification or collective mark) has become a generic term.

4 Potential of South African GIs: Importance of a Concept of Generic Terms

The importance of having a clear concept of genericness is best explained in an international context. An example with regards to genericness is the use (or non-use) of the terms 'Port' and 'Sherry'. South Africa's trade relations with the European Union are governed by the Trade Development and Cooperation Agreement (TDCA) which was signed in Pretoria on 11 October 1999. The TDCA aims, inter alia, to remove customs tariffs and establish a free trade area over a 12 year period covering 90% of bilateral trade.²⁴² An obstacle in the negotiations was the use of the terms 'port' and 'sherry' by South African wine producers. The European Union insisted that the use of these terms would be discontinued.²⁴³ On the other hand South Africa could (or should) have claimed genericness of terms 'Sherry' and 'Port'. Given the interests at stake and the importance of the agreement, particularly considering the fact that the European Union is South Africa's biggest trading partner, South Africa agreed to phase out the terms

²⁴⁰ *Ibid* at p. 15.

²⁴¹ Also see WEBSTER & PAGE, *supra* [fn 224], par. 3.51.5.

²⁴² http://europa.eu/legislation_summaries/development/south_africa/r12201_en.htm, last visited 9th February 2012.

²⁴³ VAN DER MERWE, *supra* [Fn 211], p. 191.

‘Port’ and ‘Sherry’. This example illustrates that a clear concept of genericness could considerably strengthen a negotiation position, for example when it is argued that a foreign GI has become a generic term for consumers in the home market.²⁴⁴

Another example in which the issue of genericness was raised is the dispute surrounding Rooibos tea. Although the case was litigated in the United States it has implications particularly in South Africa. ‘Rooibos’ was registered by a company as a trademark at USPTO in the United States in 1994.²⁴⁵ The registration was objected to by Rooibos Limited, a South African Rooibos exporter, arguing that it was not a valid trademark because Rooibos is a generic term in Afrikaans simply meaning ‘red bush’ and consequently cannot be protected under US trademark legislation.²⁴⁶ Nevertheless the trademark was accepted for registration. Such registration gave the trademark owner the exclusive right to use the term ‘Rooibos’. The rights to the trademark were subsequently assigned to Burke International Ltd which restricted the use of the name ‘Rooibos’ to only those companies that were willing to enter into a business relationship with Burke International. This caused a number of major coffee houses and retailers in the United States to litigate against Burke International. Rooibos Limited, with help from the South African and Western Cape governments, also tried to cancel the trademark, arguing that Rooibos is a generic name. After almost ten years and hundreds of thousands US Dollars in legal fees, the case was eventually settled after a Missouri court decided that the term had become generic.²⁴⁷ The court accepted that the term ‘Rooibos’ was recognised by both producers and consumers as the word which had consistently been used to denote the particular tea made from the Rooibos plant of South Africa.²⁴⁸ As a result both companies voluntarily and unconditionally agreed to cancel their trademark registrations and applications on the exclusive right to the word ‘Rooibos’ in the USA and other countries, including South Africa.²⁴⁹

²⁴⁴ Another example is the use of the terms ‘Champagne’ and ‘Burgundy’. South Africa concluded a bilateral agreement with France regarding the GIs ‘Champagne’ and ‘Burgundy’. In the so-called Crayfish Agreement of 1935 the two countries agreed that the terms ‘Champagne’ and ‘Burgundy’ would not be used in South Africa and France in turn would import South African Crayfish. See MAGDALEEN VAN WYK, *The Legal Protection of Geographical Indications*, Codicillus Volume 47 No. 2006, p. 41.

²⁴⁵ LINDSAY CARTER, *TED Case Studies*, Number 777, 2005.

²⁴⁶ See <http://www.wipo.int/ipadvantage/en/details.jsp?id=2691>, last visited 9th February 2012.

²⁴⁷ *The Republic of Tea, Inc. v. Burke-Watkins*, Case No. 03-CV-01862 (E.D. Mo. 2005)

²⁴⁸ *Ibid.*

²⁴⁹ CERKIA GRANT, *Geographical Indications and Agricultural Products: Investigating their relevance in a South African context*, MCOM University of Pretoria, 2005, p.96.

The trademark dispute in the United States surrounding Rooibos shows the risk of not protecting a name against misappropriation.²⁵⁰ If unprotected, it is possible that a name with geographical significance is registered as a trademark. The Rooibos case illustrates that the objection and challenge of such registration proves to be a lengthy and expensive process. Ultimately, the only defence was the claim of genericness in order to effect deregistration of Rooibos as a trade mark. In hindsight, this might prove problematic. The Missouri court has set a precedent by giving Rooibos generic status. As discussed above, generic terms can be registered neither as a collective mark nor as a certification mark because they are not distinctive. Consequently, 'Rooibos' is barred from being registered as a geographical indication under trademark law including a certification or a collective mark in the United States. As mentioned, the US mark owner and Rooibos Ltd agreed to cancel their trademark registrations. The South African Department of Trade and Industry (DTI) supported the deregistration of Rooibos as a trademark because the DTI regards it as a 'generic name for an indigenous herbal plant'.²⁵¹ It therefore looks as if the name 'Rooibos' has slipped into genericness.

'Rooibos', however, carries a strong indication of geographical source as it is only found in particular regions in the Western Cape and is produced based on indigenous methods. Rooibos producers should have a strong interest to protect 'Rooibos' as a GI. If there is proof that the 'relevant public' understands the term to indicate its geographical source, Rooibos might not be considered generic and it would be possible to protect Rooibos as a geographical indication under a collective mark.²⁵² One argument would be that Rooibos does not refer to all red-coloured herbal teas but only to a tea produced from the plant 'Apalathus linearis', occurring in specific areas in the Western Cape, using traditional techniques to produce Rooibos tea.²⁵³ In such a case a single GI called 'Rooibos of South Africa' could be created. The development of a single GI for Rooibos tea could help to identify the product 'Rooibos' on a global market, which should be an important economic objective. Another method of protecting Rooibos tea would be through creating several GIs under Rooibos such as 'Wupperthal Rooibos' or 'Suide Bokkeveld Rooibos' and protect them as certification or collective marks.²⁵⁴ The development of several GIs within Rooibos would provide additional market segmentation that would give power to small producer collectives.

²⁵⁰ *Ibid.*

²⁵¹ *Ibid.*, p. 97.

²⁵² *Ibid.*

²⁵³ *Ibid.*

²⁵⁴ *Ibid.*

The conclusion to be drawn from Rooibos is the importance of protecting geographical designations before they become generic. It is in the interest of South African producers to proactively protect cultural and agricultural assets by allowing protection for geographical indications.

VI. Multilateral Register as a solution to avoid disputes on genericness?

While TRIPS Article 24 (1) requires WTO members to work to increase the general level of protection for GIs, it does not specify how this should be accomplished. A possible solution, however, is a WTO registration system according to which geographical indications could be registered. Such multilateral register could prove useful in resolving trade disputes such as the dispute that occurred between the EU and the US regarding the use of semi-generic terms.²⁵⁵

There is a heated debate between WTO members about the extension of GI protection and the introduction of a multilateral register for wines and spirits.²⁵⁶ At the centre of the debate is one key question: When a geographical indication is registered in the multilateral system, what legal effect would that registration have within member countries? To date, the US has opposed the establishment of a multilateral register of GIs which provides automatic international protection for any GI on the register.²⁵⁷ The United States, together with South Africa and others, supports the establishment of a legally non-binding register where WTO members would notify their GIs to the WTO, the register being a simple information source for other members while taking decisions concerning the registration of a GI and hence the question of genericness at the national level.²⁵⁸

The European Union on the other hand prefers a register that applies to all GIs and extends the level of protection of Article 23 to all GIs. Europe has experienced more than any other WTO Member the effect of the lack of an appropriate GI protection over the years and many of its GIs are now claimed to be generic terms or otherwise fall under some of the exceptions of Articles 24.4 to 24.6 TRIPS.²⁵⁹ According to the European pro-

²⁵⁵ See for example the European proposal on a multilateral register on all geographical indications, TN/IP/W/11.

²⁵⁶ See http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection, last visited 30th January 2012.

²⁵⁷ See 'joined proposal' TN/IP/W/10/Rev.2; European Proposal TN/IP/W/11.

²⁵⁸ Joint Proposal - TN/IP/W/10/Rev.2)

²⁵⁹ EU Proposal TN/IP/W/11, p. 3.

posals, GIs would be registered in a multilateral register and the presumption is that once a GI is registered in the multilateral register that it cannot become a generic term.²⁶⁰ The register provides for a mechanism of examination providing a time-frame where countries can exercise their prerogative to make a final determination as to whether a certain notified term is a GI or considered a generic term.²⁶¹

Despite the fact that the European Union calls its proposal 'modest'²⁶² and considering all the advantages of such a multilateral register for all GIs, at the moment it seems unlikely that such a register ever enters into force. One problem with the United States' participation in an international system of GI protection is that a number of terms that are protected geographical indications in Europe have become a part of the vernacular of US producers and consumers, i.e. such terms have become generic or semi-generic or may be found generic.²⁶³ During the negotiations of such a multilateral register, the European Union has provided a list of 40 geographical terms that the European Union would like to recuperate globally.²⁶⁴

However, a multilateral register could be useful for producers and consumers and authorities alike. Any producer of a GI who supplies a global market and has faced infringement or usurpation outside of her or his home market would probably support international GI recognition for the protection of the producer's intellectual property abroad. Without such protection, the producers are forced to prove the existence of their GI in each individual case and in each and every international market which is a time-consuming and expensive undertaking.²⁶⁵ The US and other members of the WTO should first take into account that the register, like any other WTO agreement, should apply to all countries in order to help enforce GIs in foreign jurisdictions. Second, the territorial nature of intellectual property rights could still be preserved.²⁶⁶ The final decision concerning the protection of a GI within a given jurisdiction and the question whether a term has become generic could still remain in the hands of the competent

²⁶⁰ *Ibid.*

²⁶¹ EU Proposal TN/IP/W/11, p. 5; further, owners of registered geographical indications would be able to give the rest of the world notice regarding the use of the indications.

²⁶² *Ibid.*, p. 5.

²⁶³ EMILY C. CREDITT, *Terroir vs. Trademarks: The Debate over Geographical Indications and Expansions to the TRIPS Agreement*, in: *Vanderbilt Journal of Ent. and Tech. Law*, 11 [2009], p. 441.

²⁶⁴ See <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/1178>, last visited 30th January 2012; Examples include Comté, Feta, Fontina, Gorgonzola, Grana Padano, Manchego, Madeira, Médoc, Moselle, Ouzo, Porto, Rioja, Saint-Emilion, Sauternes.

²⁶⁵ ELIZABETH BARHAM, *American Origin Products (AOPs): Protecting a Legacy*, Published by OriGIn, Geneva 2010, p. 43 (hereafter BARHAM)

²⁶⁶ *Ibid.*

national authorities.²⁶⁷ Ultimately, a multilateral register would represent a reliable source of information for authorities and institutions in charge of GIs.²⁶⁸

VII. Conclusion

The protection of geographical indications is a controversial issue. There are opposing views regarding the extent of protection that should be granted to GIs. Particularly the United States and the European Union have different priorities regarding the extent of protection of geographical indications. The implementation of TRIPS in these countries has been effected through different national systems of protection.²⁶⁹ GIs are addressed in laws concerning trademarks, unfair competition, advertising and labelling legislation and special regulations on the protection of GIs, so called *sui generis* protection of GIs through registration.²⁷⁰ The European Union grants absolute protection to its GIs through *sui generis* legislation, while the United States and South Africa use its trademark system.

In general, both systems seem to be TRIPS compliant. Although certification and collective marks are vehicles to protect GIs, trademark law, ultimately, is designed to protect trademarks - an exclusive individual right which can be sold and delocalised. A geographical indication under *sui generis* legislation, to the contrary, cannot be delocalised and is accessible to any producer of the locality or region concerned.

With regards to the use of generic terms, the authorities in the European Union are reluctant to allow the use of GIs as a generic term. In *Feta* both the Commission and the ECJ demonstrated their determination to protect GIs and prohibit the use of the term 'Feta' in countries other than Greece - to the detriment of a whole European cheese industry. The case is remarkable because the ECJ valued GI protection higher than economic interests.

The use of generic GIs in the United States on the other hand is more extensive than compared to Europe. Producers, consumers and authorities alike seem to be much more casual when it comes to the use of generic terms and the protection of GIs. Some terms

²⁶⁷ *Ibid*, p. 43.

²⁶⁸ *Ibid*.

²⁶⁹ O'CONNOR, p. 67.

²⁷⁰ See Chapter III – V.

that are protected GIs in Europe have been used for a long time in the US and have become the common name for a special kind of a product.

The casual approach on the generic use of GIs in the United States is reflected in the dispute between the European Union and the US regarding geographical indications of wines. Under TRIPS, the use of semi-generic terms in the US seems to be the problematic because the majority of these terms is based on the names of well-known European wine-producing regions including GIs like 'Champagne', 'Burgundy' or 'Chianti'. Article 23 TRIPS, however, provides for absolute protection of GIs regarding wine. It is therefore questionable whether current US legislation allowing for semi-generic terms is TRIPS compliant.

Should such a dispute be brought before a WTO Panel, the US would rely on the defence that the GIs in question have become generic terms in the US. The Panel would then have to determine whether such GIs are generic. The criteria to determine genericness would need to be established, but a Panel would probably consider the criteria established in the respective countries involved in the dispute.

With regards to semi-generic names the European Union and the United States have reached agreement and concluded a treaty on the trade of wine. The US agreed to phase out semi-generic terms. However, bilateral or regional agreements carry the risk of developing a double-tracked trade system for goods covered by such agreements.²⁷¹ Bilateral agreements establish different rules in different markets and create a system which is not transparent. As global trade continues to expand, a compromise on this important topic will be crucial to encourage global trade not only between the EU and US but also other countries. Consequently, a multilateral register for geographical indications could prove to be useful.

²⁷¹ BARHAM, *supra* [fn 265], p. 44.

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